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**SOCIAL WELFARE IN
NEW ZEALAND**

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SOCIAL WELFARE IN NEW ZEALAND

THE RESULT OF TWENTY YEARS OF PRO-
GRESSIVE SOCIAL LEGISLATION AND ITS
SIGNIFICANCE FOR THE UNITED
STATES AND OTHER COUNTRIES

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BY

HUGH H. LUSK

AUTHOR OF "OUR FOES AT HOME," ETC.
FORMERLY MEMBER OF THE NEW ZEALAND PARLIAMENT

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PREFACE

The object with which this book has been written was that of placing on record, in a form that could be readily understood, the methods and results of a great social and political experiment at once unique in character and remarkable in its effects. In doing this the author has endeavoured to lay before his readers as clearly as possible the conditions under which this experiment has been undertaken, the purposes kept in view by those who conducted it, and the consequences, both social and economic, that have followed within a period of twenty years. He is under the impression that, while the country in which these experiments have been made is a small one compared with America, and while its people are but few in numbers, when compared with the population of the world's great Republic, the value of the lessons that may be drawn from them is not limited by the size of the country, or the numbers of its people.

A good many books have been written within the last few years dealing with New Zealand, some at least of which have excited the interest of intelligent readers both in Europe and America. These books have generally represented the impressions of visitors to the country, and their value has therefore depended mainly on the keenness of the perceptions and the unprejudiced judgment of the writers. The author of

this book has preferred, in his desire to present an absolutely trustworthy statement of an experiment which he believes to be of wide importance to the civilised world at this time, to rely upon well ascertained facts and authentic statistics. He has therefore confined his inquiry chiefly to the conditions of New Zealand and its people during the last twenty years; the legislation which has, during that period, embodied the new social and economic experiments of the country that may be found in its statute books; and the economic results that are recorded in the compilations made at each of the census periods from 1891 to 1911.

The author may claim to have had some special advantages for the work he has attempted. His personal connexion with New Zealand has extended over a period of considerably more than fifty years. During this period he has taken part in the legislation of several of its parliaments, and has been intimately associated with some at least of its most influential statesmen. He has been largely responsible for its very complete system of national education, having been himself the author of the statute on which it was founded originally, and has taken an active part in the legislation and even in the executive administration of the young country. As a lawyer, engaged for many years in the active practice of his profession, he had special opportunities of estimating the requirements of the people, and the effect of the legislation enacted from time to time on their conditions and progress.

October, 1912.

H. H. L.

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BOOK I

STATE SOCIALISM: WHAT IT MEANS



SOCIAL WELFARE IN NEW ZEALAND

CHAPTER I

A BACKWARD GLANCE

POLITICAL economy is defined as "the science of wealth," and the title seems fairly descriptive of its purpose except in the point that "riches" might well be substituted for the last word of the definition as more correctly expressing the meaning. As defined by political economists "wealth" is a term standing for all articles of value, and "value" is understood as "power in exchange." In its original sense "wealth" meant well-being, and was not identical in significance with "riches." It has been found convenient in these pages to return to the older meaning, and to understand by "wealth" not merely a thing of the market place, but also a matter of social conditions.

The ultimate value of political economy, as of other sciences, lies in its capacity to serve human welfare, to labor for the free and happy development of all members of the body politic, and where it limits itself to merely studying and devising machinery for commanding markets and amassing riches it is but taking

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steps to the social and intellectual degradation of the nations that follow its counsels. A political economy with a somewhat limited conception of its functions has long had a pretty free hand among civilised and so-called Christian nations, especially nations of our own race, and with results wholly inconsistent with real national well-being. The time would seem to have arrived for showing that there is a broader, better, and higher law than that of a narrow commercial selfishness available for the regulation of human society; and that in the application of that law there may be found the large measure of real progress and general happiness and well-being to which the vast majority of our people have hitherto been strangers. A glance at the social and economic history of the past may serve as the writer's point of departure.

Almost all our earliest records — hardly any of which seem to be seven thousand years old — indicate the existence of human associations more or less resembling what we call nations to-day. On one point they are all agreed; they tell of the power, riches, and luxury of the very few, in terrible contrast with the misery, degradation, and want of the vast majority. But while in these earliest records of human societies there is absolutely no suggestion of well-being for the great majority, there are many indications of riches and luxury at the disposal of a small minority. The chariots and horses, the richly robed kings, and splendidly armed conquerors, as well as the gorgeously attired priests, pictured on the walls of the palaces of old Egypt and Nineveh, suggest luxury, more bar-

barous, perhaps, but for the times not less real than that of the millionaires of to-day. The wealth of those days was evidently of the kind which our political economists would have us believe the only thing worthy of the name — “property of exchangeable value.”

As the records of the past come a little closer to our own times they become fuller and more familiar in form, but their real significance remains unaltered. Whether they tell the story of Greece, the intellectual, of Carthage, the commercial, or of Rome, the conquering, all the leading features of social conditions remain practically the same. At each stage of national development it is still in every case the very few who enjoy what there is of wealth, even in its narrowest and most commercial sense; it is still the vast majority who remain deprived of well-being in any sense whatever.

Carthage represents in ancient history the most perfect example of the world's great commercial centre, very much as London or New York may be said to represent it to-day. Her fleets traded with northern Europe and southern Africa; her merchants speculated in the tin mines of Britain, the lead mines of Spain, and the gold and jewels of central and southern Africa. Her markets were rich with the silks of China, and the finest products of the handicrafts of India. Her people acknowledged neither king nor emperor, but were proud of being a great republic in which the citizens had equal rights. Carthage and her citizens had so far monopolised the riches known to the world of her day that the exchangeable value of her possessions may never have been exceeded in later times by

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that of any community of equal numbers. And with it all national well-being was a thing unknown save to a handful of her people. Her merchants, like those of America to-day, were very rich, and lived in ostentatious luxury; the poor, on the other hand, were miserably poor, and compared with the rich they numbered hundreds to one.

A few centuries later Rome had become the centre of power for the world's civilisation, and the great point of attraction for the world's riches. Luxury, even exceeding that of the great cities of to-day, reigned in the palaces of her emperors, and in the hardly less palatial homes of her senators and knights. The population of from two to three millions that gathered round the seven hills, and spread along the banks of the Tiber, enclosed the little band of the world's multi-millionaires, who possessed everything that riches could give; it also comprised the millions of workers, actually or legally enslaved, who had next to nothing. The romance of history — the part of it that usually survives — has handed down to later ages pictures of the riches and luxury of the few multi-millionaires; it has said little or nothing of the degradation and oppression that were the share of the vast majority.

Rome, with all its degrading luxury, and all its pretentious power, was mistress of the civilised world when Christianity appeared, with its new ideals and ethics. It began, as might have been expected, as the religion of the poor and the oppressed. It was essentially revolutionary, as it proclaimed the existence, and the paramount claims of a kingdom, with laws and rules

of its own, that were absolutely opposed to those by which the Roman world was governed. It taught the absolute equality of all men in the highest sense, and the absolute responsibility of each for the fair and unselfish use of whatever they possessed, for the benefit, not of themselves, but in the first place of others. It soon became evident to the more intelligent minds of the wealthy and ruling class that it must be destroyed, or it would be likely in the end to destroy all they valued most in their social arrangements. A new religion, more or less, had up to that time seemed a small matter to the Roman world, and new deities and new temples had been multiplied without objection. These religions had no quarrel with existing religions on social grounds. The new Christian religion, however, was essentially different. It was not a religion of temples, sacrifices, and a priestly class, but one of ideals and daily practice on the part of its converts. If these ideals were generally adopted, and if this new kind of life became anything like universal, it was easy to see that the whole fabric of Roman society, social, political, and economic, would be upset, and the privileges that had required centuries to establish, would be swept away. The natural policy was the suppression by force of the new and dangerous religion; and this, rather than the opposition of any rival religions, was the true meaning of the persecutions by which the professors of the new faith were assailed at intervals during nearly three hundred years.

The attempt to meet the danger with which Christianity threatened the accepted social and economic

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ideas of the time by violence was neither readily nor quickly abandoned. Persecutions broke out again and again in nearly every part of the Roman Empire during two hundred years and more, and it was only the absolute conviction of its uselessness, and an increasing suspicion of its danger that in the end caused the attempt to be abandoned. Little by little the new religion had conquered; but in conquering it had suffered a defeat.

The new classes that had gradually attached themselves to Christianity consisted very largely of those who had had experience of social well-being. To them the laws of the kingdom, literally interpreted, certainly did not appeal. It could never — they very naturally argued — have been meant that in a reformed world there was to be no distinction of classes. It could not be supposed that kings, nobles, and high priests, with their magnificent robes and costly ornaments, were to be forbidden, and that all the riches of the upper classes were to be looked on merely as trust-money, placed in their hands for the use of others. That kind of thing might be all very well for the very poor, or for slaves, but it was evidently impossible for a civilised and progressive society, in which some had capital and others none — some had ability, while others were common drudges — some were meant for leaders, and others could never be more than followers at the very best.

This, and considerations such as these, had probably been the most formidable obstacles in the way of the acceptance of the new faith for three hundred years,

but at last the difficulty was got rid of by a device by no means new, yet perhaps never before or since applied with so much success. Somebody discovered that the early teachers of Christianity had been entirely mistaken in their interpretation of the laws of the Kingdom, which had really no such meaning as had been supposed. As a matter of fact they were in no way opposed to the habits of the society, that presupposed great riches, and even luxury for a small class, and great — or at any rate very considerable poverty — for a very large class. On the contrary these were divine institutions, and it was the clear duty of every Christian to recognise and support them on religious as well as social grounds.

The new discovery removed the chief difficulty in the way of the acceptance of Christianity by the influential classes of the Roman Empire. Christianity had been opposed, rejected, and persecuted, largely because it had appeared impossible to reconcile it with the social customs that had so long divided the little classes of the rich and fortunate from the great classes of the poor and oppressed; they were willing to accept it — as far at least as outward observances went,—if it could be done without upsetting these distinctions. In effect the compromise was accepted. When the Christian Church became the church of the empire, its teachers and its people for the most part adopted the ideas and customs of the empire. The emperors, the nobles, and the wealthy gave up a few customs, and adopted a few others; but on the whole the main features of society were but little changed. The ostentation of the

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great was as ostentatious as before; the prodigal expenditure of the rich on themselves, or on objects that did not benefit their poorer neighbours, had undergone no general alteration. The Church itself, with its patriarchs, archbishops, and bishops, had little or no resemblance to the Church founded by the band of Galilean fishermen, but a very striking resemblance to the gorgeously bedizened priesthood of the old heathen deities. The poor, the oppressed, and the slaves, were still oppressed and poor; but now they were taught to believe that they were part of God's plan of society, against which it was wicked and presumptuous to rebel.

The story of the great religious compromise, completed in the time of the Emperor Constantine, contains the key-note of the social conditions of Europe in what we call the Middle Ages. The real link between the Roman period and the Middle Ages is not to be found in the transfer of the civilisation of the Empire to the races that tore it to pieces; because in fact the civilisation of Rome, such as it was, was not handed on, and had but little influence on the new nations that divided the Empire among them. The only thing Rome really passed on was the religion it had accepted as a State, but which it had never adopted in anything approaching its original form, and still less, perhaps, its original spirit. The Christianity of the Middle Ages, like that of the later Roman Empire, was essentially the religion of compromise; a religion that had no message for nations, as such, but practically for individuals only.

The social aspects of the Middle Ages are tolerably familiar to many readers both of history and fiction at this time. They form an interesting story of evolution, very gradual in accomplishment, and very imperfect in its results — yet, after all, a real evolution. In this process Christianity was probably the leading factor, though it had been deprived of its chief and most characteristic social features. Instead of being, as it had originally been, the faith of the poor and wretched multitude, offering them help and comfort in their present sufferings, it had become the religion of the rich and powerful — of kings and nobles, rich ecclesiastics, and heartless oppressors, who readily admitted that in some future state of being — though certainly not on earth — they might hope for a better fate than had befallen them here.

The feudal system, on which the social system of the Middle Ages was founded, was the almost inevitable result of a period of savage war and conquest, in which savage tribes overran and subdued countries and communities more civilised than themselves, but, owing mainly to their corrupt social and political conditions, too feeble to resist them. It was the strongest and most daring man that under such circumstances took the lead, and, when the conquest was won, seized the spoils. The nobles of the new kingdoms of Europe, like the leaders of the Cave men, were only the strongest savages, who claimed the admiration of their companions for their strength, and gave them back leadership, and comparative safety in return. The feudal system really meant, economically, no more than this. In the

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countries they came from agriculture had scarcely existed, and land for its own sake had been of little value; so it had practically belonged to all the tribe that lived and hunted there. In the newly conquered lands the soil was cultivated by people who lived on the land, and were generally as ready to submit to new masters, and share with them what the land produced, as they had been with their old masters.

The next step on the path of social evolution came gradually. The rise of a commercial period in Europe was necessarily slow; but, once begun, it went steadily forward. For many centuries the qualities that constitute mental power and superiority, along with the class that chiefly possessed them, had been dedicated in Europe, as they had been during long ages previous in the countries of the East, to the service of religion. Little by little, with the coming of times less troubled, handicrafts, trades, and commerce claimed a steadily increasing share of the more intelligent minds. One great secret of this development among peoples of European origin, and the one that has distinguished their experience from that of the older peoples of Asia, was the discovery that by combination they could provide for themselves the safety and protection for which they had formerly looked to another class. It was on this discovery that the idea of the modern city was founded. The new idea was the beginning of a social revolution, the greatest, perhaps, that the world had seen. Liberty — the freedom of mankind to work out the problem of their own well-being in the light of their own experience — was an idea so new to mankind

that it could only be approached by gradual steps; it was, however, the idea that gave life and reality to the rise of the trading and industrial cities of Europe.

The change from the old era of violence, with its small class of warriors, with their virtues of honour and generosity on the one hand, and their vices of pride and selfish arrogance on the other, to the new one, in which freedom was more widely recognised, was, as has been said, a slow one, extending over hundreds of years even in England, where it was most rapid and most complete. In every case, too, the change was one of limited application. For the merchant and the skilled artisan in cities the new era was one of greatly increased well-being in nearly every way — it had done little or nothing for the unskilled worker and the field labourer in any European country. What had happened was little more than the creation of a new class, larger, indeed, and less exclusive than the old one of the nobility, to which many of the essential elements of human well-being were becoming familiar, as they had so long been to the nobles. This new class, however, after all, formed but a small percentage of the people. It was still as before the well-being of the few that was secured, or even considered — that of the many was almost totally disregarded. Such, it may fairly be said, was the result of something like twelve hundred years of more or less conscious struggle after better social conditions in Europe, from the breaking up of the Roman Empire to the end of the eighteenth century of the Christian era.

CHAPTER II

THE AGE OF COMMERCIALISM

OUR brief glance at the past history of nations stopped at the close of the eighteenth century, a period which coincides with the end of one great period in the civilisation of the western world and the beginning of another. The American revolution with its story of heroic effort crowned by success was only one indication of the temper of the new era that had just begun, as the French Revolution, with all its terrors, was another. The world was awakening to a new age—an age in which the energies of men were to take a new direction, the discoveries of men were to find a new expansion, the knowledge of men a hundred new avenues to usefulness and development. And that awakening was largely due to the discovery of steam as a motive power. The new discovery produced a revolution in matters political, social, and economic, within a single generation such as no period of a thousand years had ever produced before.

The new age has been called the “age of commercialism,” and so far the name appears singularly appropriate. Commerce, which in reality means nothing more than exchange, is certainly one of the oldest instincts of humanity. It began, no doubt, when first

it dawned on the mind of primeval man that it was better to exchange something he had, but did not need, for something his neighbour possessed, than to try to take it by force, especially where a resort to force meant possible defeat. There were, of course, no nations, hardly anything that we should call a community then, so that the earliest kind of commerce must have been entirely personal. Simple and primeval as it was in form, the principle was the same as that on which a world-wide commerce rests to-day. It was not, however, till it dawned on the collective intelligence of nations as it had so long before dawned on that of individuals, that it was less difficult, and in many ways less costly, to get what they wanted from their neighbours by peaceable exchange than by war, that the earliest era of international commerce began. Its progress was slow. Many things had to be learned, many prejudices to be overcome, and many wants to be discovered, before nations learned the great economic truth that nature has endowed almost every portion of the habitable world with some speciality of its own — that every nation has therefore something it can offer to other nations in exchange for their own products.

In this way the civilised world was gradually prepared for the coming of an age in which commerce should be free and universal. The discovery made by Watt, and its later practical applications, gave the impulse that was needed to usher in an era of international commerce such as the world had never dreamed of before. The nineteenth century was the first to enjoy the new aids to production and distribution, and

consequently it has been the great revolutionary period in the history of industrial humanity. Like all periods of revolution recorded in history it has developed many features both of good and evil. It has called into being new energies and a keener intelligence in the workers; and it has also supplied many material helps to well-being that should be available for society in general. It has opened up a thousand new channels for the profitable employment of capital in industrial enterprises; and in doing this it has opened up new fields for the employment of skilled labour, and incidentally demanded more education on the part of a large percentage of the workers. In these respects the conditions of the new era have been improved, as compared with any that went before it. There is, however, another side to the picture.

The revolution in the conditions of industrial production was first appreciated by the owners of capital and employers of labour, and, as was perhaps natural, they welcomed it as something belonging to themselves — something with which the workers had little or nothing to do. During the first half of the nineteenth century this claim of the capitalists to monopolise the profits arising from the new aids to extended industrial enterprise were almost unquestioned. To the capitalist class itself the rights of the matter seemed beyond the reach of argument, indeed. Did not they find the money, without which the new machinery could not be made; did not they open up new markets by their enterprise; was it not their capital that was risked, and might be lost, in the new enterprises of all kinds that

found employment for so many workers? And for a time the assumption underlying the capitalist's argument, that they did everything, and gave everything that went to the expansion of the new commerce, was hardly denied. The age of the factory and the mill had succeeded that of the old cottage loom and the workshop; the population was being drawn into cities where the conditions for the workers and their families were worse than in the older days; but it was true that the capitalist built the factories, and paid the wages; and it was not for some time that the workers began seriously to question the assumptions of the employers.

It had not come home to the minds of the capitalists that the new conditions that favoured them in their pursuit of riches as never before carried with them dangers to their supremacy such as had not before existed. And yet this was the case, so unquestionably that, looking back, it appears strange it should not have been foreseen. Two things had united to advance the new conditions from the point of view of the capitalists; one, the accumulation of more money than ever before in the hands of a trading class, which made it possible to meet the demand for new capital to be invested in the new industries; the other, the rapidly increasing intelligence and mechanical efficiency of the workers. What had not been foreseen by them was, in the first place, that with increased intelligence there would come to the class of the workers new ideas, and new requirements of many kinds; and in the second, that as the new conditions called for organised labour, it was

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certain the habit of organising would spread in other directions.

The point of view of the workers can readily be understood. They saw that the new conditions were pouring vastly increased riches into the hands of those who seemed too rich already; they saw that their own class was no better off under the new conditions than it had been under the old, but, on the contrary, in some respects, the reverse. They saw, too, that the increased profits of industry were not brought about by steam and machinery alone. It was the result of their labour, and of their organised effort, without which steam engines and machinery were useless. The conclusion was natural—they had a just claim to their share of the increase of wealth which could not be produced without their aid. But how could the workers secure their share? The experience of what had been accomplished by associated labour after a time suggested an answer. If co-operation in work could do so much for the employers, was it not at least possible that co-operation in refusing to work might secure much to the workmen? This, if not the expressed, was the real basis on which the Trade Union was founded, and perhaps the only one on which it could have been established successfully.

The capitalists foresaw that the new movement meant war. If there was to be a struggle, the weapons of the Unions would be more or less the weapons of force; it was a natural suggestion that their best capitalistic resource might lie in cunning. To this conclusion—not perhaps definitely, but none the less really

—has been due the development in its various forms of the new policy of Capital which has been so widely accepted, and so generally approved as “commercialism.”

The representatives of capital saw, however, that while they might in a majority of cases be successful in refusing to comply with the demands of the workers for higher wages and less work, they could only do so at a great sacrifice of money. They therefore sought some cheaper way of appropriating the lion's share of the profits. Higher wages meant only a little more cost of production; shorter hours only a little less produced. It would pay to grant some of the demands of labour on the one hand, and to increase the price of everything the workers needed for themselves and families on the other. This was in effect a cheat, but at least it afforded an almost infinite variety of new interests and new opportunities to clever men who were untroubled by conscientious scruples. The procedure could be easily concealed under the name of business or the high-sounding title of “Commercialism,” which has meant simply the increase of the concentrated selfishness which seeks to gain riches, power, and influence without regard for the good of the community. The reign of commercialism has indeed been coincident with higher wages and salaries in every country in which that reign has prevailed, but it has not, except in appearance, really benefited the classes that needed it the most. If wages have been raised, so, in a substantially greater proportion, have the prices of the goods produced by the earners of wages. If the sal-

aries of employés in offices and stores have been increased, rents of dwellings owned by the capitalists, as well as the prices of everything that constitutes well-being, have risen in a still greater proportion. Commercialism has introduced and defended by every illegal and selfish device the combinations in restraint of trade, whose objects have always been said to be the good of the public, but whose actual results have been the increasing enrichment of those who combined, and increased cost of living, with, usually, deteriorating products, for the rest of the community.

There are few ideas more popular, especially in America, to-day than that of personal ambition. The parents of America, and to a real, though perhaps a less extent, those of England, of Germany, and France, are ambitious for what they look on as the success in life of their sons. They teach ambition — how to succeed, not in character, not in usefulness, but in riches, in influence, in station — in all that these things can give them of greater consideration. And this is commercialism in the social atmosphere, more insidious, perhaps even more poisonous in its effect on the future of society, than the most gigantic frauds that are encouraged by the morals of the stock market.

It may be said that we exaggerate in maintaining that the commercial spirit of the civilised world to-day is as selfish, and as much opposed to the well-being of society, as that of the more frankly barbarous and inhumane ages of the past. We may be told of the hospitals that have been endowed, the colleges that have been founded, the churches that have been built in ev-

ery city and town. We may even be asked to believe that the large gifts, made out of the surplus profits of commercial undertakings, many of which have been dishonest, and all of which have taken from the people much to which the people were entitled, constitute a defence for the commercial spirit and methods of the age.

CHAPTER III

THE FRUITS OF COMMERCIALISM

HUMAN civilisation has been described as a process of gradually increasing commercialism, of which the present age claims to have attained the highest development. From the earliest times of which any record remains, civilisation and the commercial spirit—in other words, the spirit of individual aggrandisement, or selfishness,—have, it is said, advanced side by side. It may be useful, as well as interesting, to pause for a few moments and consider what it has done for the well-being of mankind—how far it has yet led the mass of men on the way to even a material well-being. If it is true, as there seems little reason to doubt, that the twentieth century displays the spirit of the market place more than any that went before it; and if the United States is in many ways its most perfect representative, we may confine our attention mainly to the last fifty years' progress, social, industrial, and political in America.

At the close of the first ten years of the twentieth century the great American Republic could boast of being not only the largest and most populous country living under republican institutions, but also of being the most progressive community of the world's pro-

ducers. It could be said that its people were not only free and self-governing, but that they were also increasing more rapidly than any other nation in riches. Fifty years ago the goods of every kind exported from America were valued at rather more than three hundred million dollars in a year, and this was the result of the exertions of fully thirty-eight million inhabitants; last year the goods exported were valued at fully two billion dollars, nearly seven times as much, while the population still fell considerably short of three times what it had been fifty years before. The meaning of this is, not only that the numbers of the people have increased more than two and a half times within fifty years, but that they have been able to produce goods that brought into the country from the markets of the outside world either goods or money in exchange more than twenty dollars per head of the people, instead of eight dollars, which was the limit fifty years ago. This record is one that is calculated to lead the casual observer to accept the optimistic views of those who congratulate their country on the present reign of acute commercialism as that which leads to national well-being.

There is an old Hebrew chronicle with which most readers of this book are, no doubt, familiar, which deals with the early history of Egypt. The story tells of a wide-spread famine following on years of unusual plenty. During the years of plenty the Pharaoh collected the country's surplus supply of food, which he stored up against the years of famine which he foresaw. When those years came the exchangeable wealth of the people of Egypt was practically all in the hands of the

king. That wealth was enormous; for not only Egypt but the surrounding countries suffered from the famine, while he alone was possessed of the necessary food. The riches of the surrounding countries poured into Egypt, undoubtedly, but it was not the people of Egypt that obtained the wealth. They were poorer than ever before. In the case of Egypt four thousand years ago, it was the king who grew rich, and became the multimillionaire; to-day, it is a little class of men who, by following a similar policy, have become the multimillionaires of America.

In the case of the class of great American capitalists it may be said that the result of their operations has not been essentially different from that of Egypt thirty-eight centuries ago. Their class has done great things, it may be admitted, for the development of the country. They have covered it with railroads, as Pharaoh seamed the Egyptian delta with canals, making settlement possible, where it would hardly have been possible without them; and in so doing they seized the opportunity of grasping vast territories of the people's land. They have started a thousand new industries, and by their means have given employment to some millions of workers. But have they added substantially to the well-being of those employed? Should we go for an answer to the mine workers of Pennsylvania, the sewing women and girls of New York, the stockyard hands of Chicago, or the children employed in the cotton mills of the Southern States?

Certainly a very little inquiry into the conditions of the masses in any great centre of population in

America, or indeed in England, Germany, or France, to-day will demonstrate the economic truth that it is easy for a nation in this twentieth century to be great in resources and in their development, and to leave the overwhelming majority of citizens poor indeed in all that constitutes human well-being.

It may be said that the conditions of the masses in America, and in the more advanced European countries, are greatly superior to those that prevailed in Egypt under the Pharaohs. The people of America and England have at least political freedom, and the privilege of self-government; they have systems of education, authorised by law, which give better opportunity to the young by developing natural ability. The masses of the people themselves have, as a consequence, organised and wrested many concessions from the small class of capitalists in the direction of better conditions of labour and higher wages than were enjoyed by former generations. All this may be true, though most of it has not come from the good-will of the little class which in America and elsewhere emulates the policy of Pharaoh. The great truth, however, is that legislation and the incorporated "Pharaohs" of modern commercialism fall immeasurably short of what justice and a high conception of national well-being demand.

In America, at least, an answer may be found to such an indictment as this by the familiar reference to the wonderful liberality of the "Pharaoh Corporation." If these men amass great fortunes, it may be said, they exercise great liberality, witness endowed

universities, hospitals, museums, etc. But the mass of the American people are not satisfied with this answer. They want their share of the fruits of their labours to use as they choose. They do not want to be the beneficiaries of those who take from them the wealth they have largely created. Universities, and hospitals, and museums are good things, but first of all they demand for themselves a decent material basis of existence, and then, when it comes to establishing institutions, they would attend to these matters themselves and not receive them as a dole from the wealth that should have been in great part their own.

The question of the effect of the accumulation of wealth on the class possessing it also demands attention. This becomes the more necessary owing to the great, and still increasing, influence which this class exercises on the condition of the people at large, both socially and politically. At the present time the exchangeable wealth of America — known in the ordinary language of commerce as capital — is concentrated in the hands of a very small class. This accumulation of riches in a few hands has led to the excessive increase of luxury. Babylon, Carthage, Rome, and other nations have had this experience, and however much the peoples, their circumstances and traditions may have differed, they have all agreed in one conclusion at least: — The first result of the great individual riches is the development of excessive luxury; the second is the rapid deterioration of the class possessed of the riches; the third, the degradation of the whole nation to which they belong. At first it may

appear strange that the luxury which directly affects only a small class should always have produced effects so injurious to the whole people; a glance backwards at the history of American experience during the last forty-five years may help to throw some light on the apparent anomaly. At that time America was beginning to recover from the terrible effects of the Civil War, in which much of the country had been desolated, and a large part of its wealth sacrificed to preserve its unity. In spite of losses that might have been expected to leave any country prostrate for many years, America had arisen to the occasion with a rapidity that was marvellous, so that even within five years she appeared to have recovered most of the ground she had lost. New population was pouring into the country to replace that which had perished; new enterprises had already been set on foot on every side, and a new and even more substantial prosperity seemed to be dawning.

There was one result, however, which the great war had left, a result perhaps more serious than any other: it had begun the creation of a small class of millionaires. Before the war there had, of course, been the classes of the well-to-do and those who had less of well-being, outside the class of slaves, in America as elsewhere, but the distinction had not been marked by any sharp dividing line, excepting perhaps in the slave States. America was still a land of country settlement; its people were, for the most part, lovers of the free, healthy, self-respecting life of farmers. There were cities, of course, but nothing that even suggested

the great American cities of to-day: manufactures were carried on to supply the needs of the people, but the manufacturing city of to-day, with its thousand abominations, hardly existed then in America, nor was dreamed of by its people.

Americans are wont to speak of the burdens the Civil War threw on the country and of the losses it entailed, but among the losses it has not been usual to reckon that of the simple and natural life of a people content to live as their fathers had lived, and to develop their country by living and working on the land, as their fathers had done. It has not occurred to them that the greatest burden of all left by the war was the creation of a millionaire class, and the consequent introduction of new and debased ideals of well-being, and the thousand evils, social, political, and national, that have sprung from it. It need hardly be pointed out that the new class, and with it the new ideals, took their rise at the time of the Civil War. It was from the needs of a nation in the bitter throes of a life or death struggle that the millions were wrung that went to found the new class, and naturally to spread the new ideals. It was the great contractors who secured, or who seemed to themselves to have secured, the profits of the war, and who, when the struggle was over, found the capital required to set on foot the new enterprises that have been thought of as the salvation of the country. It would be unjust to hold these men responsible personally for much of the evil that has since arisen. But there was danger in the establishment of a class suddenly grown rich, by more or less questionable com-

mercial transactions, at the expense of the nation — a class whose ideals were vulgar, almost necessarily selfish, and very often unscrupulous. In the hands of this class at the time rested practically the commercial destiny of the American people. It may be questioned whether, with a view to the future, it could have rested in hands more dangerous.

To the millionaire class the benefit has been small indeed. The men themselves of the first generation have been the hardest worked class in the country; with no leisure time, and no capacity for enjoyment, except that which could be got by increasing their already excessive riches. To the second generation it has been, as a rule, little better than a curse. Some, indeed, have found satisfaction in following in the footsteps of their fathers, and carrying to still greater perfection the system of unscrupulous accumulation originally set on foot by them. For the others the result has been, if not worse, at least more contemptible. A life of luxury, and self-gratification — of foolish display, and silly assumption of an importance that belongs to their money and not to themselves — may not be morally worse than one of unscrupulous money-making, but at least it is one that is felt to be more akin to that of the monkey and less to that of the man than the other. To the nation at large both varieties may be said with justice to have been an all but unmitigated evil.

Half a century has passed since the Civil War, and to-day America holds a position in the world of commerce that is second to none, and will soon be first of all. If all this is true, the great question remains — how has

it affected the well-being of the American people? Are the great majority of the people better off than they were half a century ago? Are the social and political conditions of the country better? Are they on the whole nearly as good now as then? An honest answer must be in the negative.

In the last forty-five years the nation has become eminently commercial. The old ambitions have given place to new, and these have centred around the acquisition of riches. Half a century ago an American citizen might have many ambitions; to-day, with but a few exceptions, he has only one — the ambition to grow rich beyond his fellows. It is this that has driven, and still is driving more and more irresistibly, the young American from the healthy life of the country to the unhealthy life of the city. It is this that has taken possession of the schools, and has degraded education from its true position as the means of developing the intellect of the young to a mere stepping stone to commercial success in after life. It is this that has made American cities a byword throughout the civilised world as the headquarters of shameless dishonesty in their government. It is this that has made American citizens accept, almost as a matter of course, dishonest trickery in their legislators, and in those to whom are committed the administration of affairs, nominally, at least by the will of the people. Fifty years ago there were no great cities, a congestion that means misery and vice: none that were disfigured by slums, calculated only to rear a new generation worse, both morally and physically, than that which went before it: to-day such

cities are springing up like mushrooms, with every indication that they will prove to be of a poisonous variety.

It may be said, indeed, that in these cities work is plentiful, and wages are higher than in almost any other country, but except for the satisfaction of passing dollars through his hands back to those of the capitalists, the workman's higher wages are little better than a delusion. The worker pays more for all necessities than he would in any other country, and whenever he secures an advance of wages, he finds there has been an advance in the cost of all he needs that offsets this.

Thus it would seem that the commercial spirit has not increased the well-being of the mass of the people, either in America or elsewhere. It has created an enormously rich class, indeed, but in doing so it has established an oligarchy, enthroned on money bags, quite as corrupt, and more corruptible than any of the older oligarchies that were founded on strength or courage. It has done nothing, or next to nothing, for the general well-being of the people. If this is all that a highly developed commercialism has to offer society, it is not too much to say that it has proved itself a lamentable failure.

CHAPTER IV

NATIONAL WELL-BEING

IN what, it may here be asked, does the well-being of a nation, of which we have spoken so often in the preceding pages, consist? Does it involve an equal division, and an equal participation in everything that constitutes wealth and riches? Is it necessary that all things shall cease to have an exchangeable value before society as a whole can flourish? To many minds such a conclusion is almost unthinkable; to others it appears for many reasons most undesirable. On such a question the experience of the past may be regarded as probably the safest guide to our conclusions.

This book began with the assertion that wealth has always had a meaning, which, while it included exchangeable value, included much that could not possibly be treated as a matter of bargain and sale. Liberty of action, freedom of thought and speech, recognised political rights, that assure to the majority of a people the power to amend the laws and direct its executive Government at home and abroad — all these, and many more, are elements of the wealth that really contributes to the happiness and well-being of a people. None of these have an exchangeable value; yet all have an intimate relation to the wealth of a nation, even in the narrowest meaning of the term.

From time immemorial riches have been desired with varying degrees of intensity by the vast majority of human beings. They have represented for them most of the things they have thought worth having and believed to condition their well-being. In this they were right within certain definite limits. In all the ages, and in all nations, however, the quest of riches on a large scale has been the cause of rapid deterioration in those who were most successful in obtaining what they sought, and has proved the first stage in the downfall of their nation. While a nation has remained simple in its tastes, and moderate in its desires; while the masses, even if poor, have not been poverty-stricken, or its wealthy rolling in luxury — even when both conditions have been imperfectly realised — it has advanced and prospered, no matter where or of what race it has been. But as soon as a class has arisen that has succeeded in grasping all the riches within its reach, progress has ceased, and its prosperity has decayed. In the short six thousand years of recorded history the experiment has been tried by nearly every nation that has called itself civilised; and the result has been uniform. This record is written over the ruins, for instance, of Egypt and Babylon, of imperial Rome, commercial Carthage, and conquering Spain.

If such is the lesson of human experience as applied to civilised communities, how, it may be asked, does it bear on what is known to-day as Socialism. If we admit the evils that have apparently invariably sprung from the acquisition by individuals, or a class, in any

nation, of separate and individual property in every part of the world, does not this compel us logically to accept the doctrine that the cure of these evils is to be found in sweeping away individualism in obtaining or holding property? Would not a nation in which all the men and women were acknowledged to have an equal right to an equal share in all that was produced by the genius, industry, or ingenuity of each member of the community be an ideally prosperous and happy community? Such communities have been dreamed of by philosophers in the past, and in our own times a good many attempts have been made to realise on a small scale the practical application of their theories. Those who have studied the philosophers have generally discovered the fact that they have assumed, as the foundation of their ideal society the existence of a general unselfishness in their members that certainly was not to be found in any community of their own time. Those who in the present age have adopted the common-sense plan of submitting the theories of the philosophers to the test of practical experiment have found in every case that they have been shipwrecked by the absence of the spirit of entire unselfishness, without which success was practically impossible. Experience has shown that while, as a rule, the experiments were entered on with absolute conviction and a whole-hearted enthusiasm by the members, conviction soon grew weaker under the strain of the sacrifices that were demanded for the interests of others.

It may be urged that human ideals have greatly advanced since the time of Plato, or that experiments in

practical socialism made within the last half century have been fatally handicapped by the atmosphere of individualism surrounding them on every side. Many Socialists assert that it only needs an experiment on a nation-wide scale to prove that advanced socialism would apply to modern society, and would produce a more universal degree of well-being than any other system could. But such assertions are mere opinions, and are warranted by no basis of actual human experience. On the contrary, all experience seems to show that the average man — who must always be the first consideration in a case of any successful reform — is still too selfish in his instincts, and habits of thought and action either to adopt, or persevere in any system of advanced altruism.

If, however, we dismiss the dreams of advanced socialism as for the present entirely outside the bounds of practical political reform, what meaning shall be assigned to such words as wealth or well-being when applied to all classes of a nation? Most men will agree that in some sense or other a nation must be wealthy, if its people are to be contented and happy; and if for the purpose of avoiding misunderstanding, we use the expression "possessed of well-being" instead of the word wealth, the conclusion may be accepted as correct. Well-being, in truth, must to some extent imply, either for the individual or the community, the possession of the part of wealth we call riches. It must mean the possession of sufficient riches to secure proper food, clothing, and homes, and many other things, and to provide for the intellectual and other training to fit cit-

izens for their work in life, and to afford a measure of leisure and varied pleasure.

Well-being, therefore, for a nation involves the practical adoption of the principle that all have a right to a reasonable amount of comfort for the body, of development for the mind, of training for the faculties, as well as rest, relaxation, and enjoyment of life in maturer years and old age. It does not involve the idea that idleness, and carelessness are among the elements of well-being either for individuals or communities; but it does emphasise the right that every member of society has to obtain a fair and full share of the profits arising from his exertions. It demands for the workers of the nation wages sufficient to support a man with a family in reasonable comfort, and leave a margin beyond this sufficient to enable him by self-denial and economy to improve his position, and provide for the future. Should it appear that in any trade these essentials cannot be provided, the supreme law of national well-being demands that that particular manufacture or employment shall cease to be carried on in the country, on the principle that the well-being of the people, and not the employment or the increase of capital, must be the aim of the community. It involves also such a supervision of every department of work as may be needed to prevent injury or danger to those employed, especially in the case of the women and of the young, on whom the future of the nation depends. It, in short, demands, as a condition of national well-being, development, comfort, and the means of happiness for all classes of the community, and most emphatically for

those classes that in the past have been deprived of these things for the selfish aggrandisement of a small part of the community.

Such a programme is sure to be denounced and ridiculed by those who accept the ideal of an age of Commercialism as the best possible development of civilisation. They will consider the writer as the dreamer of a dream as unrealisable as that of the Utopia of the Greek philosopher, and his conception of national well-being as a scheme as unattainable as it would be ruinous to any nation mad enough to try it. Such persons will probably be ready to point out, with an air of superior wisdom, that the proposal to curtail the means of heaping up riches in the hands of those who have already more than enough, could only have the effect of frightening away capital, and so rendering impossible the expansion, or even the continuance, of the industries on which the very existence of the workers of the country depends. They will pour contempt upon what will appear to them our ignorance of the laws governing production and trade, and will contend that history proves the necessity of the existence of a small class of leaders that in the nature of things must grow rich, and of a mass of workers that must remain poor, if a nation is to be prosperous. If it were not so, they will assert, there would be nobody to find the necessary energy and ability—nobody that would, after a very short time, be prepared to work at all.

From a certain point of view such a conclusion is not unreasonable; the defect lies in the point of view itself, which concentrates attention on the mere ac-

cumulation of riches as an end. From such a viewpoint the well-being of a whole people possessed, it may be, of comparatively few luxuries, but all possessed of a sufficiency of what is needed for happiness and comfort, seems to them little better than another name for national poverty. The national prosperity of commercialism never has been, and never can be the prosperity and happiness of a whole people.

If it is admitted, however, that the prosperity, happiness, and well-being of a whole people, and not of a part only, is the object to be aimed at, the question arises, is there any way in which it can be obtained? We are assured by many persons who claim to be authorities on the question, that it cannot. We are told that human nature, and human society, has been so constituted by the will of Providence, that there must needs be the very rich and the very poor, as certainly as there must be the strong and the weak, the clever and the stupid. The advocates of commercialism point triumphantly to the experience of the past as absolutely conclusive: even ministers of religion are ready to quote the saying of the Founder of Christianity—"The poor ye have with you always"—as if he had said, "The poor ye *ought* to have with you always."

The ideal foundation on which Christianity was based was that of the Kingdom of God upon earth—a kingdom to be shared in by every man, indeed, individually, but for that very reason applicable to every community of men such as we call a nation. The citizens of this kingdom on whom much—whether of

strength or talent, of genius or energy, of knowledge or of wisdom — had been bestowed, were to hold it, not for themselves, but for others. The citizens who had wealth, or the capacity for producing or acquiring wealth, were to be regarded, and to regard themselves, simply as the trustees of that wealth on behalf of others, and those others the members of the community that had the greatest need. This was evidently the ideal of the world's great Reformer: it need hardly be insisted that it was not a commercial one. For nearly fifteen centuries the nations of western Europe have called themselves Christian; but throughout all these centuries not one nation of them all has ever taken seriously this fundamental idea of a Kingdom of God; and now, in this twentieth century of Christianity we announce with hardly concealed satisfaction that we live in an age of Commercialism.

It is easy to foresee the answer that will be given to this. Some people — though it may be only a few — will tell us frankly that the ideals of the Great Teacher are out of date — abandoned for ideals better suited to the world and its conditions. Others, and probably a much larger class, of critics, will say that the Kingdom of God pictured by the Great Teacher was not a social or political ideal to be adopted by communities, but one that was applicable only to individuals. Arguments like these would surely be used against any proposal to substitute more generous ideals for the ideals of commercialism. What, it would be urged, if the experiment should prove to be a failure — as it almost certainly would? What if the people who

refused to accept commercialism as their guide and principle of national legislation grew poorer and poorer. What if industries decayed and died, and the nation fell back into barbarism, deprived of all the benefits of civilisation that have sprung from commercialism? Is any approach to this ideal of a kingdom of God a practical possibility except to a community living the stagnant life of a tropical island, where work is almost needless, and exertion of body or mind a waste of energy?

These are the questions that demand an answer, and it is with the hope of supplying the answer that the following pages have been written. What the writer has to say has the great advantage of a record of facts, not a statement of theories; a record of a real present-day experience; one, too, that can be verified in a hundred ways by anybody who is willing to do so. The following pages tell of a community representing a nation — the first of its kind that the world has known — that has ventured to defy the conclusions and disregard the teachings of Commercialism. The community that has done this is but a small one to be regarded as a nation; and the country in which its experiments have been made is not a very large one: both, however, may be looked on as at least sufficiently large for the purpose of offering a social and political object-lesson for the consideration of more populous nations and larger countries.

The experiments of New Zealand have been unique during the last twenty years of its history; many of them have been heard of in other countries, though

few of them have been carefully studied. The results of those experiments have been more remarkable still, and would appear to demand from other countries a wider, more intelligent, and more systematic attention than they have yet received. It is with the hope that this book may prove an impulse to such study that the writer here presents a faithful account of a community that has boldly attempted things branded heretofore as insane and ruinous, with the aim of remedying evils elsewhere treated as inevitable. This book will show that, instead of ruin, the policy so fiercely denounced has resulted in an increase of individual well-being for the people and of wealth for the nation that is wholly unprecedented in the records of history.

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BOOK II

AN OBJECT-LESSON FROM NEW ZEALAND

CHAPTER I

THE LAND AND THE PEOPLE

NEW ZEALAND is the youngest of England's self-governing colonies that are now known as Dominions. Canada had been at least nominally a colony of Great Britain for three-quarters of a century before England had thought of taking possession of the far-away islands in the south Pacific that had acquired an exceedingly bad reputation, as the home of an unusually fierce and warlike race of savages. There was, indeed, at the time very little reason why an English Government should think of making such an addition to the widely scattered possessions for which she was already responsible, and probably nothing but the adventurous instinct of the British people could have compelled their Government to do so.

There had been English missionaries in New Zealand for more than twenty years, and the news they sent home about the country and the natives, many of whom had become at least professedly Christian, had aroused a strong feeling that the almost unknown islands of New Zealand had so much in common with the British islands themselves that they might form a specially attractive field in which to establish a new colony. There were, of course, risks to be run, owing

to the large population of natives, whose chief employment had been war among themselves, which might easily become war against the strangers. On the other hand the country — its land, its climate, and its scenery, — had many attractions for Englishmen. And besides this the characteristic temper of the race for adventure, that had been very largely suppressed since the loss of the American colonies, was once more in the air, and the more energetic young men of the British islands were ready once more to seek new homes and found new nations in lands, however distant.

Considerable efforts had been made for several years before the beginning of 1840 to induce the British Government to take possession of the islands of New Zealand, but they had met with very little encouragement. The Government of the time said England had enough on her hands already, and pointed to the continental island of Australia as a place that afforded plenty of room for new settlements, if people were anxious to go to the other side of the world to find a new country. The answer was not effectual in putting a stop to the movement as settlement in Australia did not appeal to the kind of people that had been attracted by the idea of colonising New Zealand. The idea of the leaders in the new movement had been that of establishing a specially English colony, with a people and social ideas as nearly like those of the old home as possible, and for many reasons that seemed difficult to do in Australia. The climate did not favour it, for one thing, as the Australian climate is hot, and continental, and therefore utterly unlike the old country. There was no place

for English farming in Australia, and the new emigration movement was intended to be very largely carried out by farming people. Finally there was already a considerable British population in Australia, very largely composed of a very objectionable class of people and their children. In 1840 there had already been a convict population sent from Britain to Australia numbering fully 80,000 persons, and they and their descendants at that time, formed the greater part of the population.

The promoters of the New Zealand settlements decided that they would not change their plans, but, if the English Government would not colonise the islands of New Zealand, they would do it themselves. They proceeded accordingly to send out agents who might, with the assistance of the missionaries in the country, who were almost the only white men who could speak the language of the natives, buy land in suitable places for settlement. It was in the year 1838 that these agents were sent out, and in the following year the first ship-load of emigrants — the Pilgrim Fathers of New Zealand settlement — sailed from Plymouth Sound for the new country.

It was this which really forced the hand of the English Government. There had been rumours afloat that the French Government had some idea of taking possession of the islands, and the English Protestant missionaries had made strong representations that if anything of the kind should happen it would probably lead to much trouble in their work. This, no doubt, had some effect, but the more important fact that any

interference by the French Government with English settlements in the islands could hardly fail to cause international difficulties, was a far more serious matter; for the Government knew that even if they had been ready to yield, public feeling in England so soon after the close of the great war with France would compel them to interfere, or would put others in their place that would. They therefore made a virtue of necessity, and sent a man-of-war, the captain of which was authorised to make an agreement with the native chiefs to take over the sovereignty of the islands on fair terms.

New Zealand became in this way the first example of a political experiment such as England had never made before. The native chiefs were ready to give up the sovereignty of their country — which was a thing they didn't at all understand, as it had never been held by any of themselves — and to accept in return presents of blankets, tobacco, and a few guns, and barrels of powder; they were shrewd enough, however,—prompted, it has been said by some of the white traders — to insist on a condition. The white queen at the other side of the world might have the sovereignty of the islands, whatever that might mean, but the land, which the tribes claimed as their own must not be taken from them, unless they chose to sell it to the white men. This provision was embodied in the agreement, known as "The treaty of Waitangi," the name of the place where the Conference was held and the treaty signed. Under this agreement all the land of New Zealand was admitted to belong to the native tribes, and the English Government bound itself not to take any of it from them, ex-

cept with their consent, and at a price to be in each case agreed to by the owners. It is specially mentioned here because it was not only the first new experiment in the government of the proposed colony, but as it turned out, has had a large influence, direct and indirect, on the history and development of the country.

It might have been hoped that this provision for justice and fair-play to the natives, would have removed the danger of war between the tribes and the colonists — this, however, was not the case. The natives were numerous, and had always been fighting men, while the white population increased slowly, and the early settlers did not impress the natives with the idea that they were warriors. There were a few white men in the country, who had for years carried on a profitable trade with the natives, chiefly by exchanging blankets and very inferior guns for the native flax, for which there was a great demand in Sydney. These men had generally married native wives, and lived very much as the natives themselves, and from long association had much influence. The new order of things did not appeal to these men, and it was believed they sowed the seeds of distrust among the tribes, especially in the north island where all but about three thousand of the Maoris lived. This led to the breaking out of two native wars — the first in 1845, when the colony was only five years old; and the second, and much more general war, in the year 1862, which lasted in various parts of the north island for five years, before it was finally put an end to by the subjugation of the tribes in rebellion.

The result of these wars, especially the last, was to

paralyse settlement in the northern island, and very seriously to discourage immigration to the southern island also. It was mainly in consequence of this that at the end of the second native war in the year 1867, when settlement had been going on for twenty-seven years, the white population of the colony numbered only a little more than 200,000, of whom more than half had been born in the country. It was at this point that the active development of the colony may be said to have fairly begun. Till then it had been hardly more than a little group of settlements, scattered along the coasts of the islands, very much as the earliest settlements on the eastern shore of the United States were scattered. The interior of the north island still belonged to the native tribes, and was quite unsettled by white men, and the little coastal settlements had no means of communication but by sea. These settlements had been self-governing, almost to the same extent as the States of America, and the whole of the immigration and road and harbour making of the colony had been carried out by these local governments.

The islands of New Zealand are a little larger than Great Britain alone, and rather smaller than Great Britain and Ireland together. They lie between 34.30. and 47. degrees of south latitude, and though they lie nearly north and south their length is not far short of a thousand miles. Such a length from north to south would in the case of almost any other country be responsible for a great difference in climate, but in the case of New Zealand — a narrow country situated in the midst of a great ocean — the difference of climate

between the extreme north and south is but small. In the northern half of the north island snow never falls, except on the higher hill-tops; at the south end of the southern island it falls occasionally, but is hardly ever known to lie on the ground more than twenty-four hours.

The natural conditions of the two islands were originally somewhat different, owing to the fact that in the southern island, in all but its more mountainous regions, the country was covered with natural grass which, if not very nutritious, was at least capable of feeding cattle and sheep in large numbers. The north island was for the most part covered with heavy forests, and, excepting at its southern end, had little natural grass, the open ground being covered by a dense growth of ferns of wonderful variety and beauty, but of no value for pasture. There were only between two and three thousand Maoris (the aboriginal natives) in the south island, and Sir George Grey purchased the whole island from them, with the exception of some reservations to provide homes for the tribes, their support being amply provided for by the interest of the purchase money. The result was that while it was difficult to obtain land for settlement in the north, there was abundance of land in the south island for sale by the Government at a price fixed at \$2.50 per acre.

The southern settlements of the colony were those that most fully represented the original ideas of the New Zealand Company, formed for the colonisation of the islands when the British Government declined to undertake it. As has already been said the main idea had been the reproduction of English society and con-

ditions in the new country. There were to be landlords, with great estates, and tenant farmers to rent and occupy farms under them. To carry out this plan they had induced members of the old English county families, as they were called,— usually younger sons of such families, that could command the necessary capital—to join the Company, and to induce sons of the family tenants to go with them. To make sure that the land they had bought from the native owners should be kept in the hands of one class they had arranged that it should only be sold at a high price, and in large areas. The plan was effectual till the rest of the island was purchased by Sir George Grey—New Zealand's great democratic Governor—and offered for sale in small areas at a reasonable price to all comers. There seemed to be only one way of meeting the new situation, and maintaining the aristocratic ideals of the first founders of these settlements—the class of large land owners must buy up the land within easy reach of roads and markets.

The plan was largely adopted, especially in the central part of the south island, either by individuals or by English Companies, and a system of large grazing "Runs," as they were called in imitation of the Australian practice—"Ranches," as they would have been called in America—quickly sprung up, which threatened to prevent any application of that close settlement for which the country was specially suited. It was soon found that, owing to the advantages of soil and climate the plan was likely to pay well, as large numbers of cattle or sheep could be kept on these runs all the

year round at very small expense, yielding good interest on the capital invested, with the prospect of greatly increased value in the future. The speculation seemed to promise so well that a good many companies were formed in England for the purpose of buying New Zealand land throughout the south, and to a considerable extent at the southern end of the north island, and the danger appeared great of the country becoming the possession of a capitalistic class of landlords who would practically control its future.

The introduction of a policy of Immigration and Public Works was fatal to this social and economic policy of large land-holdings in New Zealand. This took place in 1872, its object being to open up the country at a distance from the ports by the construction of railroads, and to introduce labour to carry on the works and eventually to settle on the land. The landlord party was, in the first instance, the most favourable to the new policy which held out the prospect of an early increase of value for their estates, but a few years' experience showed that the increase of population — which was greater during the period between the years 1873 and 1882 than in any other ten years of the history of the colony — led directly to the introduction of the policy of anti-monopoly with respect to the land of the country. The policy of railroad and harbour construction and improvement involved the necessity of borrowing large sums on the security of the colony as a whole, the interest of which threatened to become a serious burden on so small a community. The introduction during the period, mainly by Gov-

ernment assistance, of fully 120,000 immigrants, while for the time it created a fictitious prosperity, led in the end to something approaching a crisis, when the public works that had given employment to the newcomers had to be discontinued, owing to the exhaustion of the public credit in the English stock market.

In 1882 the colonists of New Zealand — almost exactly half a million in number at the time — had borrowed \$100,000,000 in England to carry out their public works and immigration policy. They owed nearly \$50,000,000 more, that had been previously borrowed, chiefly to pay the costs incurred in putting down the native rebellions, and in purchasing land for settlement from the native tribes. In this way the debt of the young country with its half million people, amounted to as nearly as possible \$300 for every man, woman and child in the colony. The annual charge for interest was, of course, heavy, as the money had been lent speculatively to a very young and small community, and in 1882 it amounted to an annual burden of about \$14 per head on the whole population. Under the circumstances it is not surprising that the period between 1882 and 1892 was one of depression and comparative stagnation for New Zealand and its people.

There were, however, two important compensations. The most obvious of these was that considerably more than two-thirds of the debt incurred by the young colony had been spent on works that formed a valuable asset; in the purchase of a large part of the land of the country, which was certain, sooner or later, to make a good return; and in the introduction of a well-selected pop-

ulation of more or less skilled workers from England. The second compensation, though much less obvious at the time, has in all probability contributed even more than the first to the success of the country and its people; it consisted in the necessity, forced on the Legislature and people of the colony, to enter on a course of social and economic reforms, unattempted elsewhere, and dreaded by many at the time, that has resulted in a great, and indeed unparalleled success. The first of these compensations was, it need hardly be said, felt more or less clearly at the time. During the first few years of the period large purchases of land were made by speculators and foreign companies, in districts, especially of the south island, where it was expected the construction of new railroads was likely to increase values, and the revenue derived from the railroads went far to pay the interest on the cost of construction. In addition to these helps to lightening the burden of debt there was the new population, repaying in part the cost of its introduction by half yearly instalments, and materially increasing the customs revenue from imported goods.

This continued for a few years to disguise the truth that the burden was too great for the average members of the young community who, with little or no capital were struggling to make homes for themselves in the country; as soon, however, as it began to be evident that the policy of extensive borrowing must cease, it became evident that some other policy must take its place. The new population which had added to the apparent prosperity of the country as long as public works re-

quired many hands, paid for liberally out of loans, added to the depression when work grew scarce and taxation continued heavy. Many of the men, indeed, wished to settle as farmers on the land, but found that the best and most accessible land was in many, if not most, cases, already bought up by capitalists, either in the colony or in England, who would not sell, except on terms that seemed exorbitant.

This was the state of things that faced the young country and its rulers in the ten years between 1882 and 1892, and it soon became evident that it must be dealt with firmly if the country and its people were to be rescued from a long period of depressing stagnation. Its people, indeed, could live in a frugal fashion, and might even hope to go on paying the interest on their national loans, but the hope of progressive development was not bright. Men who would gladly have remained in the colony if they could have obtained work at anything like good wages, began to turn their thoughts to one or other of the Australian colonies, where both work and money were more plentiful. Men who had hoped to settle down as farmers, if they could have bought small farms within easy distance of some market, complained that little or none of such land was available, except on terms that would have left them at the mercy of the capitalists who sold the land and held most of the price paid as a mortgage at seven or eight per cent. interest. The consequence was that in the years between 1884 and 1892 settlers began to leave the country in considerable numbers and to remove to New South Wales or Victoria. During these

years eight thousand more people left New Zealand than came into the country, and people in Australia began to point to the island colony as one apparently doomed to failure.

Two things seemed to be mainly responsible for the growing unpopularity of the country as a field for settlement; the first and most obvious of these was the difficulty of getting land cheaply in districts that were near a market. Such land could be bought, but only at a high price, and by the time a settler had brought himself, with a wife and family from England, at a cost of a hundred dollars per head, he had not, as a rule, money to spare to buy land at a fancy price. It had always been a difficulty in the way of settlement that the expense of the voyage was so great, and the distance from home and friends was so extreme: now that the colony was getting a bad name in England, as a country in which farms were not to be got on reasonable terms, it was becoming impossible. The other cause of trouble was the heavy debt, and the consequently heavy taxation. The prospect that State railroads would pay had depended on the expectation of a large increase of population that would use them — they certainly would not pay if population deserted the colony instead of flocking into it. The problems of New Zealand therefore centred round the land in the period between 1880 and 1890, and they were serious enough to demand a solution of some kind.

CHAPTER II

THE LAND FOR THE PEOPLE

NEW ZEALAND is not a large country. Its total area amounts to a little less than sixty-seven million acres — or about six-sevenths the extent of Great Britain and Ireland. It has the advantage over the British islands that a greater proportion of its land is available for cultivation; it has also the greater advantage that its climate is in every respect more favourable for agriculture. There are probably, therefore, at least 48,000,000 acres of land suitable for farming — an area which, taking into account the character of the soil and the advantages of the climate, should be capable of supporting a population of from eight to ten millions in comfort, without depending on any other country for any of the necessaries of life. The first need of such a country as this was manifestly a suitable population to develop its natural resources; and the difficulty of obtaining such a population under the circumstances of the young colony was the problem that confronted the settlers of New Zealand from twenty to thirty years ago.

It is a fact, too little recognised by every nation in the past, that national well-being is in all cases primarily dependent on the land of the country which they

occupy. In a huge continental country such as America, Canada, or Australia, it is always easy to overlook or forget this, because the supply appears to be so inexhaustible. A small, insular country like New Zealand was not exposed to this temptation, and the most intelligent of its colonists almost from the first had recognised the fact that on the proper management and steady development of its lands by an intelligent people, accustomed to the free and healthy life which settlement on the land afforded, the really prosperous and satisfactory future of the nation depended. There had always been a considerable section of the people opposed to the policy of borrowing largely for the construction of public works in advance of the needs of the population, accompanied by the importation of a large number of workers to be maintained by wages drawn from the loans. It was felt that there was a danger of depression when the works were completed, as well as one, hardly less serious, that the undue extension of railroads would lead to speculation in the limited supply of land at the disposal of the Government. The misgivings of the party opposed to the policy of hasty development with borrowed capital was fully justified by the results in both directions within ten years. When the results of the policy they had opposed were recognised by the people as serious they were called on to undertake the task of finding a remedy.

There is probably no people more conservative than the English people, especially of the agricultural class; and there is no subject on which their ideas are more settled than that of the sacredness of all rights that af-

fect the land. A large majority of the New Zealand settlers had originally belonged to the class of English farmers, and it seemed probable that their children, though born in the new country would largely inherit their ideas. The men who had to face the question of reform in dealing with the land of the colony did not generally share the feeling of veneration for vested interests in land; but they were wise enough to approach the subject cautiously. It was clear that if the colony was to grow prosperous land monopoly by capitalists must cease; it was most desirable that by some means the land monopolists should be induced to get rid of their large estates, by selling the land they were really holding for speculative purposes, to people who would settle on, and do their best to make the most of it.

The policy they adopted was of two kinds. They passed laws that introduced a system of taxation on land on a sliding scale. Holdings that did not exceed five hundred acres were free from the tax; those of larger area, but not exceeding five thousand acres paid a land tax, which increased gradually with every additional five thousand acres till it reached a total of five per cent. on the actual market value of the land for estates of more than fifty thousand acres. The purpose of this statute, which was afterwards amended by the addition of a special surtax in addition to the other, in all cases in which the owners of the land — whether individuals or companies — lived, or had their headquarters outside the colony itself, was of course, to induce them to cut up the estates, and sell to small holders. The new laws were, as a matter of course,

denounced as an attempt at confiscation, which their authors were not bold enough to try openly; and the tax on absentees was held up to ridicule, as a childish attempt to drive foreign capital out of the country. From the point of view of the colonial Government, however, the most serious criticism to which the law was liable was, that it did not succeed in making the great monopolists give up their hold on the land. To some extent, indeed, it helped the revenue of the country by placing the burden of about half a million dollars on the shoulders of the land-holding capitalists that would otherwise have fallen on the general public, less able to bear it — but it did not, as was found after a few years' experience, induce them to sell the land they were holding in the confident expectation that within a few years it would greatly increase in value.

The second branch of the new policy was more successful. It dealt with the land still in the hands of the nation, as well as of lands that might afterwards be purchased from the native tribes. A large proportion of the best of this land was set aside as land that could only be obtained as a leasehold in perpetuity from the Government. The idea was a new one, embracing in a novel form the idea set forth about the same time in America by Henry George. Under the new law of New Zealand, land suitable for close settlement could be selected by persons of full age on the conditions that they lived on the land selected, and made certain improvements in each year after the first. After the first three years when it was proved that they had fulfilled the conditions as to living on the

land, and making improvements of the value agreed on, they were granted the lease, which made them liable to pay to the Government rent at the rate of four per cent. on the price at which public land of the same quality had been offered for sale as freehold. It was provided in every lease that at the close of each period of twenty-one years the land should be revalued by a court of assessment, and the rent payable during the next twenty-one years should be at the rate of four per cent. on the ascertained value, which was to include the value of the land only, without reckoning improvements made by the tenant. Under this statute no person could obtain more than 320 acres, nor could he (or she, for there was nothing in the statute to prevent a woman holding a lease from the Government) purchase from any other person land held under perpetual lease amounting on the whole to more than three hundred and twenty acres.

This new system came into force in the beginning of 1883, though it was several years later before it was taken advantage of to any considerable extent. During the first three years only about twenty-five thousand acres were settled in each year under the new system, but from that time onward, at least for a good many years, the popularity of the new land title increased, until more than a million acres were occupied as perpetual leaseholds within ten years of the first introduction of the system. As a rule the leaseholds did not exceed the 160 acre limit, so that the result of the new land law had been the settlement on the land of about three thousand families, hardly any of whom

could probably have obtained farms of their own if they had been obliged to pay for the land, while very few indeed would have had the means of improving the land and purchasing either cattle or sheep to produce a return.

The result of the amendment of the land laws was at once to put a stop to the attempts of the capitalist speculators to monopolise the land, but it did not undo the mischief that had already been done by the buying up of large estates of the best land, generally situated in the districts nearest to the ports and young cities that offered markets for the produce. The new railroads, it is true, opened up a good deal of the country, and made it possible to send produce to the markets; but even in that case much of the land nearest the railroads had been bought up in large areas, and was being used, with little or no improvement, for cattle and sheep runs and even in cases where good land was available near the new railroads, the necessary cost of bringing the produce to market was felt to be a grievance, and prevented settlement in what were called the "back-blocks."

This led the Government and the Parliament to amend the law further, by offering a new title to land in small areas, on the condition of occupation and improvement. The new statute authorised the Government to offer public lands, specially set aside for the purpose, for leasehold, with the right of purchase. There was no idea of departing from the principle of close settlement in the amendment of the law, nor was it intended to leave any opening for speculative purchases. The policy of the party was first of all to put a stop to the

monopoly of the public lands, bought from the native tribes with the money of the people, and in the next place to have it occupied as real farms by people who were prepared to live on and cultivate it. The new feature was that of optional purchase after residence on the land for at least ten years, and after the improvements required by the terms of the lease had been made. The rent charged on lands held with the option of purchase was five per cent. on the value of the land — which in the case of good agricultural land was \$5 (£1) per acre — and it could be purchased as freehold by the holder of the lease at any time between the tenth and twenty-fifth years of the tenancy by payment of that amount. In case the holder of the lease did not buy the freehold within the twenty-five years for which the lease extended, he might exchange it for a lease in perpetuity at four per cent., without the right to purchase. The improvements demanded both from the holders of land under perpetual lease and those holding leases with right of purchase, were fixed at ten per cent. during the first year, and thirty per cent. on the original cash price of the land during the first six years of the tenancy.

Provisions were made in later statutes for special settlement associations extending to not more than eleven thousand acres in all, no one of the members being allowed to hold, or to acquire from others, more than 320 acres in all. Public lands not suited for agricultural settlement, or situated in districts too far from markets to be required for farming, were set apart under another statute for pastoral leaseholds for

a short term of years at a rental of two and a half per cent. on the selling value of the land. All such leases required their holders to reside on the land, and in cases in which the land was found to be suitable for agricultural occupation the land might be resumed by the Government on giving one year's notice to the tenant; and all pastoral leaseholds were rendered liable to occupation for mining purposes at any time under the general laws of the colony regulating mining.

It will thus be seen that every effort was made to deal with the land of New Zealand in the way best calculated to develop the natural resources of the country, and to attract the class of immigrants best calculated to increase its wealth, without taking any steps to interfere directly with the vested interests in the land that had been already acquired, either by individuals or companies. It was fully appreciated by those in power that any such legislation would be met with fierce opposition by those immediately affected, and that it would render the colony the subject of most unfavourable criticism that might seriously interfere with its progress. It was only by slow degrees that it dawned on them that the menace to the future of the country arising from the continued existence of great estates, occupying lands that were needed for settlement, was a more serious danger still. The doctrine which had been accepted generally throughout the colony that the original and chief interest in the land belonged to the people as a whole, and not to any individual or class of individuals, seemed to demand that something should be done to deal with the problem of large estates, stand-

ing in the way of national improvement. It was this conviction which led to the adoption of the first New Zealand statute that may fairly be said to have definitely broken away from the long accepted ideas of the English race on the relation between private rights and public interests. It is true, of course, that even in England the law of eminent domain had long been admitted to exist. In the case of water-ways, and later of railroads, it had even been made use of to secure land for construction purposes, but it had been exercised sparingly and grudgingly, as a concession that was at least half a favour. And this was in the case of land that had been so long in the hands of its possessors that the way in which it had originally been acquired had been almost if not quite forgotten. In the case of New Zealand it was but the other day that the land had been bought, and the money paid for it, as it might have been for any other property. The colony had offered the land for sale, and the present owners had bought it for cash, which had been used for public purposes. They had acted within the limits of the law as they found it, and they claimed, as a matter of absolutely unimpeachable right, to use it as they pleased, or not to use it at all, if it suited them better.

This was really the parting of the ways, as far as New Zealand was concerned. Public ownership of railroads and telegraph lines, might be novelties, new to English experience, but they had been made with public money at any rate. Any attempt to force people who had bought and paid for public lands to give it up again, for no other cause than that they had too

much, was a direct attack on the vested rights of the owners, and a defiance of the rule of capital. What was done in New Zealand was done deliberately, with a full knowledge of the meaning of the step, and a full appreciation of the way in which it would be regarded, and criticised in other countries, and perhaps most of all in England, on which the colony was entirely dependent for any further loans it might require, and even for credit in the ordinary transactions of commerce. English capitalists had invested a good deal of money in the purchase of land in New Zealand, and still more in loans both public and private, the security of which depended on the prosperity of the country. This prosperity, it had been admitted tacitly, and proclaimed loudly for half a century, meant the supremacy of capital, and its security from attack in any country, and surely most of all in one so young, and so handicapped by distance from all the markets of the civilised world.

The risk, it could hardly be denied, was a serious one, but the convictions of the people and representatives of the colony were sincere. They had unquestionably the power to make such laws if they chose to do so under the constitution of the country; and having already tried other means of inducing the land monopolists to give up their hold by selling at a fair price to those of the community who were ready to buy, and settle on the land, they did not hesitate to take the last step that was apparently necessary to secure the benefit of the land for the people.

The statute passed to give effect to the new policy

was merely an extension of the recognised old English law of eminent domain to all lands held in large areas by individuals or corporations. It provided that, whenever it appeared that a sufficient number of persons of full age should apply to the Lands Department of the Government, declaring their desire to take, and personally occupy for purposes of farming, any lands forming part of a freehold estate of more than five thousand acres in extent, it should be lawful for the Government, having first ascertained that the land applied for was suitable for the purposes of agriculture under a system of close settlement, to purchase the land from the owners at its market value. In case the owners should refuse to sell the land, or in case no agreement could be arrived at as to its value, it was provided that the question of present value should be referred to a Court of Assessment, which should, after notice to the owners, hold an inquiry into the question, and having taken evidence publicly, should assess the value of the estate, reserving to the owner the right to retain the homestead (should any such exist), with the adjoining land to a reasonable amount. The Government was then empowered to enter upon and take possession of the rest of the estate, paying to the owners the assessed value; and having done so to survey it—laying out the necessary roads, and dividing the land itself into sections not exceeding three hundred and twenty acres in extent. On the completion of the survey, it was provided that the farms should be allotted among the original applicants, the order of selection being decided by lot.

The farm lands thus selected were to be held on perpetual lease from the nation, on the same terms as other lands held under the same title, as to revaluation at the end of each term of twenty-one years, and the payment of rental at the rate of four per cent. on the cost. In the case of lands bought in this way by the Government the original cost was arrived at by adding the expense of valuation, survey, and road-making to give access to the farms, to the amount paid to the original freeholders on assessment. The total cost was then divided by the acreage of the new farms and the rental fixed at four per cent. on the cost per acre thus ascertained. In this way the community, as a whole, was protected against loss, it being calculated that whatever money was required for such land purchases could be borrowed at three and a half per cent., and that the additional half per cent. would provide a sufficient fund to pay the expense of administration and supervision.

This assertion of the people's paramount ownership of the land was the first practical step in a policy of State socialism. It is true that neither the men who introduced the policy, and passed the statutes, nor the land monopolists, who indignantly resisted and denounced the new policy, foresaw what it meant to the future legislation and development of the country; but so far, at least, as its immediate effect as a fatal blow to the establishment of a class of great landed proprietors, such as existed in Great Britain, or of great land monopolists such as was growing up in America, was concerned, it was fully appreciated by the capitalist

class. The hope was at first entertained that the new law, so contrary to old English ideas, would prove to be unconstitutional, and beyond the powers of the colonial Parliament, and efforts were made to defy it on that ground. This attempt failed, however, as it was held that the power of the colonial Parliament was supreme in all matters affecting its own lands. It remained only to abuse the Parliament, and to denounce the colony, as the first to enter on a course of antagonism to capital, and unblushing robbery of those who had invested money in the country.

As for New Zealand it had taken the first decisive step in its new policy. It had arrived at the conclusion that in that young and distant colony the interests of the people, as a whole, were henceforward to be the first consideration; those of Capital, or business, or of any class of the people more or less representative of one or the other, were to take a position altogether secondary. The step had involved an innovation on long accepted ideas of society, but it had not involved any real injustice to anybody. It had denied the right of any individual, or body of associated individuals, to use capital in such a way as to delay settlement, or to inflict injury on the community at large; but it had taken nothing from them without compensation, calculated on the basis of the full present value of the land of which it deprived them. This was New Zealand's first great experiment, and it involved a principle which meant more, and reached farther, than either its supporters or opponents at the time anticipated.

CHAPTER III

INDUSTRIAL DISPUTES

THE development of every new country necessarily begins with the land, which has always appealed to men, as soon as they entered on even the earliest stages of civilisation, as the chief source of well-being for the community. Other industries and arts come later, but the industry that deals with the soil, and the art of making it produce food for its inhabitants, always comes first. New Zealand was no exception to this rule. Its earliest colonists had been farmers in the old country, or at least had made up their minds to become farmers in the new. The new era of transportation had fairly begun before the distant island colony was founded, and it was easy to bring to the country such manufactured goods as met the simple needs of the young community — far more easy, at any rate, than to manufacture them on the spot. In consequence of this the first thirty years of New Zealand's settlement saw very few attempts made to turn the industry of its people in the direction of any kind of associated labour. There were, of course, carpenters, blacksmiths, shoe-makers, and tailors, almost from the first, but these, and such simple industrial arts as these, were all the young country had to show as manufactures, and these were practised individually rather than in co-operation.

There was, perhaps, one exception in the case of New Zealand. From the first it was a country that depended almost entirely on the ocean for its means of communication between its own settlements. These were scattered, some hundreds of miles apart, along the coasts of both islands, from the extreme north to the farthest south. The inland districts of the south island were unoccupied, while in the north they were occupied by semi-savage tribes, whose friendliness was at the best but doubtful, so that a coastal shipping, and a coastal trade, very soon sprang up and flourished. The vessels were small, indeed, and the crews small, and yet the seamen of the coastal trade soon became at once the largest, and probably the most united in feeling and interests of any industrial body in the colony. As the years went on trade with the colonies of Australia increased, until by the beginning of the last ten years of the last century a large and flourishing trade had sprung up, employing many vessels, and a large body of sailors. It was in the year 1892 that the great organised strike of workers in the Australian colonies took place, in which the Seamen's Unions took a leading part. The industrial crisis was not only serious but very widely spread, affecting nearly every industry of the country. The universal strike of the Seamen's Unions at all the ports paralysed trade, and was in some places, especially in New South Wales, accompanied by serious riots. The sympathy existing between the Unions of seamen in the two countries caused a near approach to a general strike of the New Zealand Seamen's Unions, and for

some months trade was seriously disorganised in that colony.

Months of unrest and loss were followed by a slow resumption of work, and a still slower recovery of confidence and prosperity. To the people of New Zealand, and their representatives in the Legislature, this naturally suggested the question whether, in the interest of the community as a whole, it was not possible to find some better way of settling industrial disputes than that of force. In Australia the question was allowed to die out, without any real attempt being made to solve the problem. The public, and the public men there, were content to see the return of immediate prosperity, and to believe that in such cases the best policy was to let well alone for the time, and to let the future take care of itself. The temper of New Zealand was different. Her people, and her representatives, had for some years been growing accustomed to facing and dealing with difficult problems affecting the future well-being of the country in relation to the land, and it did not occur to them to suppose that even the more complicated problems of industrial life lay outside the sphere of their powers or duties, as the guardians of the general well-being of the people. It was true, as they were fully aware, that other and older communities had shrunk from any definite attempt to deal with the large and complicated questions arising out of the relations between employers and employés — in other words between capital and labour — but the fact did not seem to them a good reason why no attempt should be made

to find a solution of the problem on the smaller scale, and in the simpler conditions of their own young country.

It was under these circumstances that New Zealand entered on the first of its legislative experiments that dealt with questions of manifestly more than local interest. The problem, as it presented itself to the Parliament and people may be stated briefly in this way — How was it possible, in cases of industrial disputes, to do practical justice to the three sections of the community directly and vitally interested in the matter? From their point of view the three parties were the employers and the persons employed, who were most immediately concerned in the dispute; and the general public of the community which, if less directly was quite as really and vitally interested in a fair settlement of the matters in dispute. The attitude of the people of New Zealand towards this question was somewhat unusual, as it refused to admit that the interests of any section of the community could possibly be so far separated from those of the whole people as to entitle them to disregard the general welfare of the nation for the purpose of obtaining something they believed themselves entitled to. On the other hand they were fully convinced that anything like oppression or injustice must in the long run be even more injurious to the whole community than to any section of it. Injustice by employers to those whom they employed must create bad feeling, and a want of the honest co-operation necessary to produce the best results; an attempt to compel the employers of labour to grant demands that

were unjust, because they appeared advantageous to the workers, by the dislocation of commerce and industry inseparable from a strike, must, as it seemed to the people of New Zealand, result in evils affecting the whole people.

It was the recognition of the principle that no section of an organised community or nation has, or can have, a right to ignore the interests and well-being of the rest of the nation in seeking its own advantage, any more than an individual has such a right, that led to New Zealand's first experiment in industrial legislation. A strike might possibly in the end repay the strikers for the loss and suffering they incurred by the concessions they obtained; a lock-out might possibly turn out a good speculation for the employers, whose capital lay idle for a time, in case they succeeded in forcing lower wages or longer hours of labour on those whom they employed; the public as a whole, had nothing to gain, but everything to lose by this modern substitute for the private wars of the Middle Ages. It seemed to the people of the young colony that the assertion that strikes and lock-outs were not wars but a mere exercise of the undoubted right of free men either to work or leave off working — either to use or not to use *their* capital as they thought fit — was little better than a hollow pretence, which was absolutely disposed of by the methods almost invariably employed by the parties.

Fair-play, and justice between man and man, and between class and class, had for a good many years been the growing ideal of New Zealand legislation; and this question of industrial disputes and their settlement,

seemed one specially calling for legislative adjustment. In the past, and in every part of the world, there could be no doubt that injustice had been done and fair-play had been denied, as a rule, to the workers as a class; this, like any other form of injustice to the individual, could be more effectually remedied by law than by personal effort, which must almost inevitably take more or less the form of violence.

The New Zealand Arbitration Law was the first attempt ever made on anything like a national scale to ensure something like justice for the workers, while at the same time it grappled with the evil that had been an increasing one in every civilised country for half a century. It was recognised that every form of warfare — whether between nations, classes, or individuals, — was in its nature an appeal to force, and not to fair-play or justice. The New Zealand law of industrial arbitration was an attempt to introduce into the region of industrial questions the higher principle of righteousness — that principle on which so largely depends the superiority of civilised men to the lower animals who struggle blindly and fiercely to obtain what they want, because they want it. It was, in fact, an appeal to the higher intelligence, as well as to the common-sense both of workers and employers; and it said much for the innate common-sense of the classes for whose benefit it was in the first place intended, that they were willing at least to give it a trial.

The provisions of the Arbitration Law of New Zealand have been frequently misrepresented, either intentionally or through ignorance, and yet it is both fair

and simple beyond the example of most statutes. It begins with a full recognition of the principle of Trades Unionism, which it makes use of as the basis of the new law. It provides that any Union containing a certain number of members — whether the Union is one of workers or employers — may avail itself of the benefits of the statute by registering the association as one subject to the provisions of the law. The statute has been denounced by its enemies as one of compulsory arbitration, but there is not, nor has there ever been, any suggestion that any Union should register otherwise than of its own free will. Associations may even by voluntary registration render their members subject to the provisions of the statute, and afterwards withdraw their registration, by giving six months notice of their desire to do so; the only compulsory feature of the statute is that which attaches to all the laws of a civilised community, that as long as the association and its members remain registered they shall be subject to the provisions of the statute.

These provisions are aimed directly at the prevention of industrial warfare by making it a punishable offence for any body of workers to leave off work in concert, for the purpose of compelling the employers in any trade or employment to agree to a demand for higher wages, or any other alteration in the conditions of their employment. On the other hand it is equally an offence against the terms of the statute for any association of employers to discontinue the employment of their workers for the purpose of compelling their agreement to any change in their rates of payment, in

their hours of work, or to any other proposed change in the existing conditions of employment. Instead of a resort either to the strike or the lock-out the law provides that whenever a dispute arises in any trade in which either the workers or the employers are registered as an association under the provisions of the statute, either party may at once call in the assistance of the local Board of Conciliation (for which there has by a later amendment of the statute been substituted public officers in each district known as conciliators), whose duty it is to meet the representatives of the parties, and endeavour by all reasonable means to bring about an agreement on the matters in dispute. In case conciliation should prove ineffectual, however, it becomes the duty of the conciliator to refer the question to the Arbitration Court without delay. This court consists of five members in all, two of whom are chosen by the votes of the registered associations of the workers, and two by those of the registered associations of employers, while the fifth member of the Court is one of the judges of the Supreme Court, who is also President of the Arbitration Court, and is from time to time appointed by the Government to this particular office. The decisions of the Court are declared by the statute to be final, and subject to no appeal, except on the single ground that the question dealt with is beyond the powers given to the Court.

The judgments of the Arbitration Court may be enforced either by fines, levied on the property of the Associations, or of individual members; or by imprisonment of the officers, or of members of such as-

sociations as may be declared guilty of contempt of the Arbitration Court. Such fines or imprisonment can, however, only be levied under the authority of the Supreme Court which must be appealed to to enforce the judgment of the Arbitration Court.

Such, very briefly stated, are the main provisions of the Arbitration statute of New Zealand that was passed by the Parliament in 1893, and came into force at the beginning of 1894. Its purpose was to substitute the calm judgment of a court, the members of which might be expected to have a general acquaintance with the questions likely to come before them, and presided over by a judge accustomed to hear and weigh evidence for the prejudiced opinions of those whose interests were directly at stake. It was characteristic of the New Zealand point of view that it took for granted the willingness of all classes of the community to submit to whatever was held to be fair and just by a court of this kind, rather than to insist on fighting a battle, in the hope of gaining what they wanted, without reference to its absolute fairness to the other side; and experience proved — not at once, indeed, but after a short delay — that the makers of the new law had not been too sanguine.

Public opinion throughout the country was from the first favourable to giving the new experiment a trial; the real and important question was how far either employers or Labour Unions would be disposed to place themselves voluntarily under the provisions of the new law, and the control of the new Court. For a time the question remained unanswered. For a good many

months neither of the parties most immediately concerned seemed inclined to take the step, and there were a good many critics both in England and Australia, who prophesied, somewhat contemptuously, that it never would be tried at all.

These prophecies, however, turned out to be mistaken. One Trades Union, dissatisfied with the wages received by its members, did at last take the step of registering, and bringing the question before the Court, which was then constituted for the first time. The Court proceeded to issue a summons to appear to the employers complained of. The employers who had been summoned, being probably unwilling to treat the matter seriously, did not attend, leaving it to the registered Union to place their side of the dispute uncontradicted before the Court, with the natural result that a decision was come to, largely, though not wholly, in accordance with the demands of the workers. The employers who were the subject of the order of the Court soon discovered their mistake, and learned that the only way left them of avoiding the consequences of their mistake was that of retiring from business, and paying whatever fine might be imposed on them by the Supreme Court for contempt of the order of the Court of Arbitration.

The discovery that the new law could be made use of so effectively caused a sensation in the camps both of employers and workers, and led to the rapid increase of registration under the act by Trades Unions generally, convinced that they could in that way obtain justice more certainly, and undoubtedly more cheaply than by

even the most successful of strikes. To the employers of labour, it need hardly be said, the surprise was at least equally great, and a good deal more unpleasant. A refusal to obey the order of the Court would expose them to a fine of from \$500 to \$2,500 (£100 to £500), at the discretion of the Supreme Court judge before whom the matter might be brought, while every attempt to carry on business in defiance of the terms of the order would constitute a fresh offence, which might expose them to imprisonment. On consideration the employers who had been the subjects of the order in the first case decided to obey the order of the Court, and to give the matter a trial, rather than give up business in the colony, and at the same time incur a more or less heavy fine for contempt.

So far the result had been merely a surprise to critics of the new legislation outside the colony. They were absolutely united in the opinion that the new law must necessarily prove a failure; they were almost equally unanimous in their amused contempt for the young community that believed itself wiser than the people of older and more populous countries, as well as of the conclusions of political economists in all parts of the world. No critics were more severe than those of the nearest neighbours of New Zealand, and for more than a year after the first case came before the new Court the Australian newspapers were full of reports and criticisms of the new experiment of their island neighbour. The English papers and magazines of special authority on questions of commerce and finance took, as a rule, a very serious view of the effect which this new ex-

periment was likely to have on the future of New Zealand. If industry, and the operations of capital as applied to organised industrial enterprises, were to be hampered by the interference of an arbitrary court which could fix the scale of wages, not on the old basis of supply and demand, but on some fanciful basis of fairness to the worker, and the profits of the employers, there was, they concluded, an end of all commercial and industrial development. New Zealand, they reminded their readers, had already entered on a policy of over-taxing, and even of confiscating large estates in land, and now the foolish young community was proceeding to drive the capital invested in manufacturing enterprises out of the country; it was clear, they were all agreed, that the end of the colony's prosperity couldn't be far distant. Capital would, of course, be withdrawn from the suicidal young country, and those would be the most lucky who withdrew it at once, and with the least loss.

And for a time these persistent criticisms were not without an effect. New Zealand loans were discredited on the English money market, and the value of New Zealand stocks was depreciated. Manufacturers who had begun business in the country, hesitated to extend it, or to invest more capital in a country that had entered on so rash and foolish a policy of giving way to the demands of the workers, and ignoring the claims of capital. Trade can hardly be said to have languished seriously, perhaps, but for one or two years something like stagnation prevailed, owing to the unwillingness of people, either in the colony or beyond it,

who had a little money to invest to risk it in opposition to the universal opinions of experts. This state of things, however, lasted only a short time, and very soon the feeling of alarm began to die away. The withdrawal of capital that had been so confidently predicted had not apparently taken place, and within the colony itself matters appeared to go on at least as well as before,—showing that the people on the spot felt little or no alarm. More and more of the Unions registered as Associations under the statute, and some of the employers had begun to form associations as Unions of employers, for registration under the law. Cases of dispute were referred to the Court, more and more as a matter of course, and employers as well as workers began to arrive at the conclusion that even if the decision of the Court seldom gave either party all it wanted, the result was better for both than the dislocation of industry inseparable from a strike or a lockout. Employers, whether carrying on business as individuals or companies, on the spot, grumbled and complained of the injustice done them by the law; but in the end they decided to go on with business as before—to pay the wages prescribed, and to ask fewer hours of work in each week than before of those they employed, in accordance with the awards of the Court; and before the arbitration law had been two years in force there was a general increase of prosperity among the people, while nobody seemed to be ruined in the ranks of the employers.

The methods by which the New Zealand Arbitration Court has arrived at its conclusions are probably

without precedent in the history of modern commercialism, and it was only natural that, especially at first, they should have been resented by the class that by long habit had been taught to look on all that capital could get from the necessities of the class of workers as something that belonged to themselves by a right more unquestionable than the so-called Divine right of kings in times gone by. The first duty of the Arbitration Court in all cases where the amount of wages that ought to be paid in any particular trade was in dispute, was to ascertain what it should cost the average worker, with a wife and family, to live in reasonable comfort and respectability. The second duty of the Court was to ascertain how much the profits of the employer in an ordinary year would enable them to pay. The first question was one of national policy, as it was held to be contrary to the interest, as well as the duty of the community, to allow the degradation of any section of the people by their employment on terms that forbade their well-being, and that of their families. The second question was one of fair-play and ordinary justice, as between man and man; and to form a fair and intelligent conclusion it was necessary to learn a good many things that had been regarded in the past as the business of the employers, and of nobody else. The essential principle of the arbitration law of New Zealand entirely contradicted this assumption. The employers of labour were only one, and in numbers very much the smallest one, of three classes which together formed the community. From the point of view of the New Zealand statute they had certainly no greater interest

in the question of the profits of the trade than the workers by whose exertions profit was rendered possible, and even less than that of the community at large, whose duty as well as interest it was to see justice done to every class of its people.

It may be said that the answer to the question of the amount of wages needed to secure a decent living for the workers and their families was, after all, a matter of opinion, and possibly even of prejudice. What, it might be asked, is a sufficient and decent living? And the answer would largely depend on the prejudices of the person who was to answer. Fortunately there was in New Zealand, as, indeed, there is probably in every country a court of appeal on matters of opinion that may generally be trusted to take a view of such questions that is tolerably fair. The New Zealand statute had provided for such an appeal, by providing that the proceedings of the Arbitration Court should in all cases be conducted in public, so that the evidence given should in all cases be open to the press and known to the people. In different communities, it is true the public opinion thus formed might differ considerably; but in every country, it may be said with confidence, the opinion thus formed would exercise a powerful influence on a court of arbitration. In New Zealand the ideal of a sufficient and decent livelihood was probably as high as in any country in the application of the terms to the class of workers in any trade or calling, and this practically fixed the standard of the lowest living wage on a high scale compared with the cost of the necessities of life for a family. What the

Court had to do therefore, in cases in which questions of the rate of wages was at stake, was in the first place to decide on the lowest reasonable living wage — and this was practically the same in every trade or employment. This lowest living standard as it did not depend on the profits of the business, was not affected by the question either of capital invested, or of the conditions of the trade. If employers could not afford to pay wages at the rate that was decided on as the lowest on which workers could live decently, it was evident that for some reason the business was one that should not be carried on, and no arguments based on the claims of capital to consideration could be listened to as affecting the question.

The question of the minimum wage, however, was only a part, and a small part, of the problem with which the Arbitration Court had to deal. While it was clear that nobody could be allowed to pay less than a living wage to those employed, the question of justice demanded a good deal more than this before it could be said to be fairly settled. The old idea that the man who found the money should have everything, and the men who found the labour as little as possible, had been abandoned in New Zealand; the problem which the Court had to solve was the somewhat indefinite one — what was fair. To enable this to be done the law provided that the Court might call on the employers in any dispute as to wages, to produce the books containing the accounts of their business, and to show exactly what capital was invested in it, and

what profits had been earned. The task of the Court was by no means an easy one. Even when the books of a business had been produced, and the capital invested, and the profits made had been ascertained, the question remained what ought the employers to give out of the profits to the workers, without whose assistance no profits could have been earned? What, as a matter of fact, the Arbitration Court of New Zealand has done during the sixteen years of its existence has been to come to some conclusion that seemed fair in each case. The principle of a real partnership has been acknowledged by the Court, but the shares due to the partners have been matters of opinion, and the awards of the Court have as a consequence, always been open to criticism by one or other party to the dispute.

There have been many such criticisms, both in the colony itself and elsewhere; but as a rule the parties most nearly concerned have admitted that the decisions of the Court were conceived in a spirit of fair-play as between the parties. This, it may be pointed out was the object with which the law was originally passed, and the farther step, of laying down a definite proportion in which Labour and Capital should share, had not been contemplated. The law has now been in force during sixteen years, and it has been accepted by both employers and employed as the controlling force of the industrial life of nearly a million people of our own race. Amendments have from time to time been made in the law, as new features have appeared that seemed to call for regulation; but in all essentials the law that

was conceived in a spirit of fair-play and justice — recognising equally the rights of Labour, Capital, and of the people at large, sixteen years ago, remains in force to-day, and, like all the other laws of New Zealand is enforced without fear or favour.

CHAPTER IV

THE REGULATION OF LABOUR

THE settlement of industrial disputes by a court of unprejudiced judges was a great step towards well-being, but it was very far from being all that was needed. The well-being, or in a more familiar form the "wealth," of the people as a whole, and of every one of the deserving members of the community in particular, being the ideal of the State Socialism which was more and more becoming that of New Zealand and its people, it was not enough to provide a cure in cases where prevention was possible. Industrial disputes, it was recognised, were as a rule, the result of the unjust social and industrial conditions that had been handed down through long ages of semi-barbarism. The spread of knowledge had, it was felt, been opening the eyes of the workers in every civilised country to the fact that custom and prejudice had condemned them to lead lives that were not worth living — lives deprived of rest, of happiness, and of enjoyment — and as long as this lasted it was certain there would be unrest, and struggle after something better. It was not enough, therefore, to provide a court to deal with the disputes that were sure to arise between employers and employed; some effort must be made to remove the causes

that must and would lead to such disputes. A court of arbitration might do a good deal; it could not be expected to lay down laws for the regulation of labour in the country.

The Labour statutes of New Zealand were the result of this conviction. Like all, or nearly all, the revolutionary legislation of the country, so much criticised, and so persistently misrepresented by persons more or less directly interested in such misrepresentation, the Labour legislation was not hastily undertaken or enacted in a cut and dried form. On the contrary, the statutes passed by the Parliament in any one year usually dealt with little more than a single reform; and it was generally after one or two years' experience had shown how it succeeded that it was added to or amended. It need hardly be said that these Labour statutes were not popular with employers on the spot, or with the representatives of the economy of commercialism at a distance.

The earliest proposals made to fix the hours of labour were, of course, denounced as further attempts to rob the employers; and laughed at, as short-sighted schemes that must inevitably fall back upon and crush the greedy workers who hoped to get a large day's pay for three-quarters of a day's work. In the country itself employers said it was impossible to pay wages at a high rate for a week's work that only extended to forty-four hours in all; critics at a distance predicted that the young industries of the colony would die a natural death in less than a twelvemonth. It was, they said, as certain as any demonstration in mathematics that the effect of giving men full wages for doing five

and a half short days' work in each week, and paying them besides for a good many public holidays in each year, when they didn't work at all, must be to make them idle and useless at other times.

The view of the legislators of New Zealand, however, was different. The old ideas that had prevailed through so many centuries, by which the power of money, and the advantage of the men who had money, were the things to be considered in law-making, and the conditions of those who had no money were to be left to take care of themselves, did not appeal to them as either Christian or common-sense. The workers, like the employers of the community, seemed to them to be equally human beings, and the rest, the enjoyment, and the happiness of life that agreed so well with the people who had money, without making them lazy or useless might, after all, have no very bad effect on the workers. It seemed at least possible that men would work better, and even faster, during a day of eight hours than they would in a day of ten or twelve; and that one half day in each week for rest and enjoyment, might be expected to make better and stronger men and assuredly better citizens, than the constant strain of toil, that never stopped except on the Sunday, when most of the ordinary avenues of pleasure were closed. The threats of national ruin, so freely used frightened them a good deal less than they had done when they had ventured to interfere with the time-honoured and sacred rights of the great landholders. Experience had already shown that the dreadful results prophesied then had been no more than Bogies that had turned out

harmless; the same might very easily be the case with the labour boggy also — at any rate they decided to see for themselves.

The subject of labour conditions naturally divided itself into three general divisions. Labour as it affected the young — as it applied to the case of women, and, of course, as it related to the mass of the working men. The protection and development of the young received early attention as the starting point of any real social reform for a nation. The education system, which had been in force since 1876 was an unusually complete one, extending as a State institution, from the earliest Public School instruction, available for children from five years of age, through High School courses, including technical training schools, up to a College career, ending in University degrees in arts and science courses. The law made attendance compulsory during the Public School course, which ended at the age of 14 years, parents or guardians being liable to fines for the non-attendance of children except in cases of sickness; but the question of attendance at the High School course was left to the determination of the parents. In the twenty years that have passed since the establishment of the education system many new industries had sprung up in the cities, and there was a demand for both boys and girls to work at various trades at wages that seemed desirable to many families. This had undoubtedly interfered with the more advanced education of many children who had reached the age of fourteen; and the further, and even more important question had arisen how far it was advisable, with a

view to the physical development of the rising generation, that work in factories and workshops should begin at so early an age.

The result of investigation was to convince the representatives of the people in Parliament that fourteen was too early an age to shut up young people in mills and factories, if the race were to be developed at its best, and a new law was passed which forbade the employment in mills, factories, or workshops of boys under the full age of sixteen, and of girls under that of eighteen years. Even then very special provisions were made for the frequent inspection of all such places with a view to securing their perfect conformity to sanitary conditions, as well as to the safety of the workers. This law, as a matter of course, interfered to some extent with the arrangements of the employers, and many complaints were made, especially as the new statute provided for a minimum wage to be paid to apprentices at any trade. That it did interfere with trade in a country where the supply of labour was scarce there could be no doubt; the answer, however, to all such objections was the same — trade, or money-making, could not be considered at all in comparison with the well-being of the people. If any trade could not be carried on successfully without the help of boys and girls under the age that appeared safe, then it ought not to be carried on at all, and it certainly should not be carried on in New Zealand. This was the reasoning of the law-makers, and the new statute was passed, and has ever since been rigidly enforced. Boys may be employed in any healthy out-of-doors employ-

ment at any time after fourteen, and girls may either be so employed, or may become engaged in household work, or in the care of infants at sixteen; the use of such young people in mills, factories, or workshops, has now been forbidden by law for a good many years, and the law has been rigidly enforced. Many attempts have been made to evade the law, of course, but it may safely be said that they have very rarely succeeded. This has undoubtedly been largely owing to the assistance of the Trades Unions, which from the first have strongly supported the law, possibly — as has often been suggested — with a view to keeping up the standard of wages for people of full age. Whatever the reason may have been, the statute has been effective for the purpose for which it was designed. There are no boys under sixteen, or girls under eighteen now working in workshops, factories or mills in New Zealand. The consequence has been that many have left the cities to become farmers, and many more of both sexes, have gone to the State High Schools to obtain a higher education than they could otherwise have hoped for.

Among the things that go to make up human well-being modern science declares that few, if any, are more important than sufficient relaxation from labour, and a reasonable amount of pleasure for the individual. The object of any system of State Socialism, being frankly that of making the best of life for all classes of the people, it is evident that it must deal in some way with the hours of labour and of rest, of toil and of pleasure, allotted to the workers. The New Zealand

law has not hesitated to deal with that which elsewhere has been looked on as too delicate and difficult a question to be regulated by any rules of general application. It is true that any such general regulation might be objected to on the ground that it would injuriously affect some trades, and very seriously embarrass others, even if it could be submitted to without any greater difficulty than that involved in setting a sharp limit to the powers of the employer. The principle recognised as the governing one in New Zealand's system of social legislation took little notice of difficulties of this kind. The question to be settled was what was for the advantage of the people; not what would give the employers the largest returns for the capital employed in their business. Having decided that eight hours out of twenty-four were a sufficient day's work, it went on to provide for some part of each week in which the workers might have the opportunity for enjoyment. The result was that Saturday in each week was fixed on as the day on which four hours should count as a full day's work for which payment should be made to all persons employed by the week at the same rate as the other days. At twelve o'clock on Saturday, therefore, all labour lays down its tools, except in cases where another half day has by arrangement been substituted, and the Saturday afternoon and evening become the play-time of the workers and their families. Saturday night shopping is provided for by a clause which leaves it to the local authorities of every city or borough to select any other day in each week on which shops and stores shall be closed at mid-

day that all the employés may have their half holiday. Six o'clock is the statutory hour at which stores and shops must close, except on Saturdays when they may remain open till nine, but without extending the hours constituting a week's work for those employed. The only exception made as to closing hours is in the case of shops and restaurants devoted to the sale of food, which includes fruits, vegetables, and curiously enough tobacco; but this does not authorise the employment of wage earners for more than the forty-four hours in each week prescribed by the statute. The rates of wages are not dealt with by the statute, the Arbitration Court being specially empowered to fix these for each trade on application.

There are a good many statutory holidays provided for by the law amounting to about one in each month, in commemoration of different events, and all employers are bound to allow these to their employés without any reduction in wages in the case of persons who are employed by the week or any longer period. Persons employed may, however, work on holidays, and also to the extent of seven hours beyond the fixed hours in any week, on the condition that wages are paid for the extra time at the rate of fifty per cent. beyond the regular rates. The Arbitration Court has laid it down as a rule, however, that no employé can be dismissed for refusing to work beyond the regular hours under any circumstances.

Every employer of labour is made by the law responsible for injury received by any worker during the time that he is employed, and this includes the pay-

ment of half wages for a certain number of weeks, should disablement last so long, as well as the cost of medical attendance. In cases of disablement, such as that caused by the loss of a hand, or part of a hand, the law provides a scale of compensation in proportion to the wages of the worker injured, and in case of death by any such accident, compensation at the rate of a full year's wages becomes payable to his family — which includes, in case the sufferer is unmarried, any parent, wholly, or partly dependent for support on the person killed. In certain trades or employments the conditions of which are declared by the statute dangerous to health, the provisions relating to accidents are extended so as to cover death or disablement by the special diseases to which the employment renders the workers liable.

The wide responsibility of employers naturally led to a general use of insurance against accidents, and the companies doing business in the country demanded high rates of premium to meet the large compensation provided by the statute. As these advanced premiums appeared to be in excess of the added risk the Government added an Accident branch to the Public Life Insurance department which had been in successful operation for a good many years. The new department offered to insure workers against accident on considerably lower terms than those agreed upon by the regular insurance companies. The result was that after a short time the associated Insurance Companies saw their way to reduce their premiums to the Government standard. The reduced premiums have now been sev-

eral years in operation, and do not seem to have entailed the losses on the companies they anticipated.

By such means as these — not attempted all at once, but by a succession of statutes, introduced or amended year after year, as experience seemed to suggest — New Zealand has attempted, and to a very large extent succeeded in accomplishing the regulation of labour conditions, on a basis that may be said to have been entirely new. Wages, which have in other countries, and formerly in New Zealand itself, been arrived at on the principle of supply and demand — or in other words that of employment given to the workers who would accept the lowest wages — and refused to those who were anxious for a little well-being for themselves and families, and therefore asked for more than would barely support them — have now for sixteen years been fixed by an independent Court on the principle of fair-play to both parties. The days and hours of labour have been fixed by law, and provision has been made for the reasonable rest and recreation of that part of the community which forms the large majority of its members. Finally — and not least important — the younger generation — the boys and girls, with whom is to lie the future of the country and its people — have been protected from the possible selfishness of parents and guardians, as well as from the almost inevitable selfishness of employers, by forbidding, under severe penalties, the employment in workshops, mills, or factories, of any boy under sixteen or any girl under eighteen years of age.

CHAPTER V

OLD AGE PENSIONS

WHEN the legislators of New Zealand undertook the task of reforming and regulating the conditions of labour they were fully aware that the undertaking was a serious one. They were not ignorant of the fact that what they were doing would arouse a strong prejudice, not only in England but in every other civilised country with which they had commercial relations, and that all would look with more or less suspicion on the financial prospects of their country. All this they had deliberately chosen to risk in the attempt to realise an ideal policy for the well-being of their own people. There was, however, one feature of the case in relation to the regulation of labour, and its relations to capital, that had not been considered when they undertook to fix the hours of work, and the rates of wages payable to the workers.

The arbitration law was founded on the idea of unionism on the part both of employers and workers, and from the first the Court insisted on a preference being given to the members of Trades Unions that were registered under the act, and submitted to the jurisdiction of the Court. It made no attempt, however, to go farther than this. No employer was compelled to em-

ploy labour he didn't want, or to retain workers in his employ when he had ceased to need their services. The new law had not been long in force before it was found that for some at least of the workers it had another, and a less agreeable side. As soon as trade disputes affecting the rate of wages began to come before the Court it became evident that the awards made must take the form of fixing the rates payable in each particular trade, at least for some definite time. In this way the employers found themselves compelled to pay wages—generally higher than before—for shorter hours of work, including holidays on which no work at all was done. Most of them decided reluctantly to give the new conditions a trial. They would at least know what they would have to pay, and they would not be in danger of being tied up by a strike after they had accepted a contract. One thing was evident, however—they must see that they got as much as possible out of the workers they employed for shorter hours, at higher wages. It necessarily became a case of employing none but the most competent hands. There was no room for the second-rate workman, and if possible even less for the man who was too old to do a full day's work. For the incompetent worker at any trade the industrial statutes could evidently do little or nothing, but the case of the aged and infirm was different. It had been admitted in all countries of Anglo-Saxon civilisation for a good many generations that the State must in some way, and to some extent, provide for the life, if not for the well-being of the aged poor. The result had been a poor one, indeed, but at least it

had amounted either to a confession of public duty or to an admission of public advantage. The new situation created by the industrial legislation of New Zealand brought the community face to face with the question in what light it ought to be regarded, and how it should be dealt with.

The problem was of this kind: It had been considered necessary for the general well-being of the public to regulate labour conditions so that a fair wage should be paid for what was considered fair work. There had been no intention of compelling employers to pay for anything less than this, yet it was evident that if they were not to be allowed to select the best workers, both in skill and personal vigour, their business would be hampered by a load of compulsory charity. The idea of the old English workhouse was utterly opposed to the New Zealand ideals of national well-being, which included all classes of the community equally. In the future, with fairer conditions, and better laws regulating labour, it might be hoped that except in rare instances old people, whether men or women, might need no protection against want, or even serious discomfort; under the conditions which the new laws had been passed to remedy this could hardly have been the case. Something, it was evident, must be done to meet the situation — the question was only, what it should be.

The Old Age Pensions Law of New Zealand was the answer of the colony to this question. Like nearly all of the recent legislation it was, especially at first, exposed to a great deal of severe criticism. Even now,

when New Zealand's example has been followed by the five millions of Australia, and is being substantially adopted in the mother country, as by far the best solution of an intricate problem, there are not wanting critics who maintain that the risk of such a law rendering some people improvident is a more serious thing than the certainty of degrading to a position of mendicancy thousands who have honestly contributed their full share to the work of their country and the prosperity of their people. The statute was passed by the New Zealand Parliament with but little opposition, as even those who had objected to the labour laws that led directly to the situation, felt that in fairness something must be done. To the great majority both of representatives and people the proposals of the new statute presented themselves in a light that was perhaps peculiar to the people.

The preamble, or explanatory introduction, to the Old Age Pensions Act gave in a few words the characteristic point of view taken by the Parliament and people of the proposal. It begins by the statement that "it is just and right that every person who has for a number of years assisted by his (or her) work in the development of the country, and has also by payment of taxes contributed to its good government, should be protected against want in his, or her, old age." It proceeds to declare that all persons who have reached the age of sixty-five years, and have been resident in the country for twenty years shall be entitled to receive a pension out of the public revenue large enough to secure them against want. The statute has

since been amended by increasing the amount of pension payable in case of need, but it has not been otherwise altered. The object kept in view was to ensure that every old resident should have at least five dollars a week to live on. In case the applicant for a pension had any savings or property, he or she was bound to disclose it in court to the magistrate whose duty it was to certify to the amount of pension to which the applicant was entitled (for the next year), which was only what was required to make up the total income to the five dollars. Under the amended law the value of a dwelling house used as a home was not deducted from the amount of the pension due to any applicant.

It may be noted that the New Zealand legislators proposed to provide against old age pauperism in their country. They were careful to place the new law on a foundation of right and justice, not on one of benevolence or charity. The pensions to aged settlers there do not rest on a basis of kindness to the poor and infirm, but on a claim of right which the aged settler who is past work has on the country he has helped to develop, and the nation he has assisted to good government by bearing for many years his share of the national burdens. Persons who have been convicted as criminals, or those who having been three times convicted of drunkenness in public places and are therefore regarded by the law as "habitual drunkards," are not excluded from the benefits of the Pensions Act, but are not themselves entrusted with the money. The pensions are in such cases paid to the trustees and managers of the homes for the aged which are provided

at all the chief centres of population for the benefit of the persons entitled, who may live there free of cost, receiving a small part of the pension as a personal allowance. In this way provision has been made for avoiding the scandal that must attach to any national system which makes paupers of a class of its people who, in a very large number of cases, at any rate, have been reduced to poverty by circumstances over which they had little or no control. The people of New Zealand, while—as will be seen hereafter—affording by legislation every encouragement and assistance to its citizens to exercise self-denial and providence, have refused to treat misfortune and poverty as a crime, or even to punish old age for the mistakes of early life.

The Old Age Pensions Statute of New Zealand has now been fourteen years in force, so that some reasonable estimate may be formed of its operation. In the first place, it may be mentioned that within the country itself the popularity of the law has steadily increased, so that while it had a good many opponents, and a still greater number of doubtful supporters at the time it was first placed on the statute book of the country, there are to-day to be found no opponents of the system within the colony, and hardly any critics of its operation, except the few that in every community consider it a distinction to object to everything of which their neighbours approve. No party in the country is now opposed to the system, and, strange to say, no politician thinks it worth while to criticise this particular branch of the administration. For better or worse it has evidently been generally accepted as

part of the State socialism of New Zealand, and it may be added, as the part of it which is the least open to unfavourable criticism.

It was not until the year 1900 that the Pensions law began to be largely taken advantage of in the country of its origin, and since then it is worthy of remark, there has been very little alteration in the extent to which it has been taken advantage of in proportion to the numbers of the population. The increase in the actual number of Old Age pensioners during the last twelve years, indeed, has been largely due to the fact that an increasing number of the Maoris (the aboriginal natives of New Zealand) have taken advantage of its provisions which, in this, as in the case of all other laws in the island Dominion, are equally available to both races. The number of pensioners under the statute is as nearly as possible one and a half per cent. of the numbers of the entire European population, and about 1.3 per cent. of the entire population of the country. The amount paid last year as Old Age pensions was almost exactly \$1,800,000 (£362,000). This the people of New Zealand think by no means an excessive price to pay for a system which preserves the self-respect of a considerable number of old people, who have taken their share in the struggles that mark the early stages of settlement in a new country, and some of whom, at least, have been prevented from earning wages to a still later period by the policy which aims at making it a comparatively easy thing in the future for every citizen to make a provision for the old age of his wife and himself.

CHAPTER VI

WOMAN'S SUFFRAGE

AMONG the earliest reforms that marked the adoption of the new policy of State Socialism was the amendment of the electoral system of the country. The system originally established in New Zealand was practically the same as that in force at the time in England, which recognises the possession of property as the basis of the right to vote for members of Parliament. This limitation had been to some extent got rid of within a few years of the establishment of parliamentary government in New Zealand by the extension of the franchise to all householders, whether land owners or not, and as there were but few settlers of full age who were neither owners of land nor householders the franchise was in fact exercised by all but a very small proportion of the men. A further extension, however, had been advocated for some years, and was finally embodied in a statute in 1893, by which manhood suffrage was established, and the possibility of voting in more than one electorate was done away.

Important as these reforms were they were fully justified by the experience of other countries at the time, and therefore could hardly be looked upon as startling experiments. The feature of the new electoral

law which did arouse a good deal of discussion in New Zealand itself, as well as a great deal of unfavourable criticism abroad, was the extension of the full right of voting at parliamentary elections to the women as well as the men. The question of the right of women as well as men to the franchise had not at that time become, as it has since done, both in England and America, a subject exciting any wide-spread interest; yet it was not hastily or thoughtlessly decided in New Zealand. It had, in fact—though probably unconsciously—been under consideration for sixteen years in the colony, and the final embodiment of this important reform in the electoral statute of 1893 was rather the expression of a national conviction founded on experience, than a hasty experiment in the political life of the country.

The experiment had actually begun with the passing of the Education Act of the colony which took place in the year 1877. Under the provisions of that statute the local management of the public schools was entrusted to local committees of the householders in each school district, the members of which were elected annually by the householders resident in the district; and the statute made no distinction between male and female householders, either as electors or as candidates for election. The provision which admitted female householders to the school committee franchise was in fact an amendment on the original draft of the statute, but at the time it was accepted as a matter of comparatively small importance. Experience, however, did not confirm the impression, and it was generally found

that the female householders took an interest quite as intelligent, and even more active, in the management of the schools which were attended by their children than the male householders did. Some of them were elected members of committees, and the general impression was that they were among the most active and valuable members.

Some few years later it was proposed to consolidate the law relating to municipal governments, which up to that time had differed in different parts of the country. The new statute proposed to place the franchise for the election of mayors and councillors in the hands of the persons liable to pay rates, and it was pointed out that as both men and women might be liable to pay rates it was but fair that both should have a voice in the elections. This, after some discussion, was conceded, and the statute as passed was so amended as to give the municipal franchise equally to men and women who were liable to contribute directly to the municipal revenue. This concession was largely brought about by the experience that had been gained by the action of the women in relation to the school committees, which was used as an argument that in the public interest the women of the community could be trusted to take a really active and intelligent interest in all matters that directly appealed to them.

A few years' experience of the working of the new municipal statute showed that those who advocated the extension of the franchise to the female rate-payers had been right, as both in their new capacity of electors, and in some cases as members of councils they had

shown themselves fully competent to exercise their new privileges. Some years later the law relating to the granting of licences to sell intoxicating liquors, either retail in hotels, or wholesale in quantites of not less than two gallons in stores — there are no saloon licences merely for the sale of liquor known in New Zealand — the question arose as to the persons entitled to vote at the elections of Licensing Committees. Each Committee was to represent one of the parliamentary electoral districts, and it seemed natural that the persons in each that possessed the parliamentary franchise should be the ones to exercise the right of voting for the new Committees also. When the proposed statute was being discussed, however, the question was raised whether women as well as men ought not to have this new franchise, on the ground that as many of them as paid rates had a direct interest in such questions as that of the establishment of new hotels, or places where liquor could be bought. The proposal was strongly supported by the temperance party in the Parliament, and the success of the two former experiments that had been made in giving women the right to vote on educational and municipal questions, was urged as a reason why this further experiment should be made in relation to a question in which they might be expected to take a deep interest for the sake of their families. The contest was keen, and the final majority which introduced the amendment, and gave the franchise for this purpose to women rate-payers as well as men, was small, and many people were more than doubtful as to the probable result of the experiment.

Once more, however, experience was in favour of the new law. The female rate-payers as well as the men voted for members of the Licensing Committees. As a rule they voted for the candidates whom public opinion generally considered the best men, and rarely for those of the most extreme views. The prophecies of those who anticipated trouble for lady voters at the polls were not realised, and the women entitled to vote did so in as large a proportion as the men.

It was under these circumstances, and with these experiences, that the New Zealand parliament approached the question of a final revision of the parliamentary franchise law. A good deal of difference of opinion still existed on the subject, though many people had foreseen for some time that the question must be settled before long. The old English tendency to avoid change of any radical character as long as possible still existed in New Zealand, and all the prejudices which have made men in every civilised nation slow to admit that the sex that is physically the weaker may yet be capable of taking an important and valuable share in the political life of a country, had still many representatives in New Zealand. All the familiar arguments were used by the opponents of the latest proposal, which was no longer an amendment on the statute as drafted by the Government, but the leading feature of the proposed law. Few if any of its opponents, indeed, made use of the old argument that women were intellectually unfit to deal with public affairs at all, as the experience of fifteen years, during which some at least of them had taken an active and intelli-

gent part in dealing with certain public matters formed a sufficient answer to any such assertion. There remained, however, the supposed danger to the family life of the people, likely to follow the introduction of new questions on which husbands and wives might be expected to take different sides, and so break up the harmony of the household—the sons of full age taking sides with the father, the daughters with the mother. Another danger that was dwelt on by some opponents of the new statute was the risk that under it the women of the community would cease to look on the home and the household as their natural sphere, and would become public speakers and agitators in favour of measures that specially appealed to them.

Some of these arguments, which are familiar enough in America and England to-day, had a good deal less influence on the public mind in New Zealand owing to the fact that, during the years within which a greater amount of power and responsibility had been gradually conferred on the women of the country by law, the women themselves had in no one instance agitated in favour of the change. They had not appeared on public platforms to advocate the reforms; they had not formed processions to make appeals to governments or parliaments; they had not even besieged the editorial rooms of the newspapers with appeals on the subjects that were being considered by the Parliament. What they had done was different, but much more effective. They seem to have been aware that the appeals most likely to affect the judgment of the men who had the

power in each case to bestow new political powers on their sex were not likely to be made more effectual by any assertions of abstract right, but might be influenced by the argument of public utility and advantage. They accordingly said little or nothing, but, as often as the opportunity was given them by some new franchise conferred by law, took steps to prove that they could use it intelligently, and to the public advantage. It was this argument that prevailed in New Zealand when at last the question arose — Shall our women be allowed the same political rights, and be burdened with the same political responsibilities as our men in future?

After a good deal of discussion the answer to the question was given in the affirmative, and the full electoral franchise of the country was given to every citizen of the age of twenty-one years and upwards, whether male or female. The reform was made frankly on the ground of its probable usefulness to the community as a whole. Nothing was said either in the Parliament or press of the rights of women, so long denied them by men; nothing of the more or less divine right of voting. It may be that such arguments have their place elsewhere; it certainly was not in New Zealand, where the good of the people, and the well-being of its citizens, was the ideal that was more and more, even as early as 1893, beginning consciously to take precedence of everything else in the legislation of the country. The future of the young nation required, it was believed, all the energies and common-sense of its people to make the most of it; and the

community could not afford to lose any help that was likely to prove valuable. Abstract claims of right and justice on behalf of the women of the community might be right or wrong; the right of the young nation to the help of all its people who were able to give it help could hardly be open to question. The women formed nearly one-half the population, and they had already shown that they were both able and willing to take an intelligent and active part in the management of certain public affairs; there seemed to be no reason for depriving the nation of whatever assistance they could render towards securing good laws and good administration on a larger scale in the future.

For these reasons the women of New Zealand were granted the full political franchise by statute, and they have now exercised it for seventeen years, having taken part in the election of five successive Parliaments of the island Dominion. It might be rash to say of this reform, as it might of any other, that there have been no cases in which the new arrangement has shown itself open to criticism. There may have been cases in which differences of opinion on political questions have crept into families, and disturbed the harmony of households; it may be said with absolute certainty that if so they have been very rare. It may be said that the new interests that have been brought into the lives of New Zealand's women have made some of them less entirely given up to the cares of the household, and more inclined to have a wider outlook, and to take a broader view of matters that may affect the well-being of themselves and children; it is at

least open to question whether both the individuals and the country have not been gainers by the change. One thing may at least be said—they have accepted their new responsibilities, and exercised the new privileges given them. As a rule, it may be said, that new responsibilities are not quickly realised or acted upon either by individuals or classes in any community, and there may be two reasons that help to account for the unquestionable fact that in New Zealand the women voters have been very nearly as consistent in the exercise of the political franchise as the men. In the first place, as has been pointed out already, the privilege of taking part in the government of the country had come to them gradually and not suddenly, and they had been trained, as women in most other countries have not, to take an interest in public affairs. In the second place the law of their country has kept before them the truth that the political franchise is to be regarded in the light of a responsibility quite as much as a privilege.

By the New Zealand law it is compulsory that each person who has the privilege of voting shall either use or lose the privilege. The electoral rolls of persons resident in each electoral district are prepared a few months before each Parliamentary election by the police force in the district, and are confirmed in open court by the magistrate of the district, after public notice to the electors. Every person who does not appear to vote at the ensuing election must either give a good reason for his absence in court, when the next roll is prepared, or must be excluded from the list of

persons entitled to vote. It is at least possible that to one or both of these reasons has been due the fact that at the five elections that have taken place since women obtained the full electoral franchise the women of New Zealand have exercised the right of voting in almost exactly the same proportion to their numbers as the men. In the case of adults of both sexes the proportion of actual voters has been as nearly as possible 80 per cent. of those enrolled.

CHAPTER VII

AIDS TO INDUSTRY

A COMMON complaint against New Zealand's legislation has been that it aimed at benefiting the working classes among its people at the expense of that part of its population that more or less represented capital. And it is true that if this complaint is to be understood as meaning that most of the legislation of the last twenty years has been directed towards the increase of wealth for that part of the community which formerly had little or none, the complaint is well founded. No New Zealander would attempt to deny the accusation; very few would look on it as anything short of a compliment to the Government of his country. The laws passed to settle industrial disputes might, of course, be defended from this charge on the ground that industrial peace is as important to capital as to labour; and to some extent it may be argued that the statutes fixing wages in different trades, and the hours of labour in all, come at least indirectly under the same head. This, however, can hardly be said of the legislation with which we have now to deal. It was a further step in the policy of state socialism when statutes were passed for the direct benefit of the classes of the people who were personally engaged in industrial

pursuits. These benefits it was hoped and believed would be felt indirectly by all classes of the people, but certainly in the first instance they were directed to the advantage of the workers of the nation; and it may be admitted that it was a step that invited criticism.

As early as the year 1894 a statute was passed by the Parliament for the financial relief of the settlers, which embodied the policy — then a new one in the country — of a distinct State Socialism. Up to that time settlement had proceeded on the old lines of obliging the settler either to possess on his own account, or to borrow from somebody else on the best terms he could command the money needed to develop the land he occupied. In New Zealand, as in America to-day, this condition of things had produced in many cases conditions that were little better than servitude, under which the struggling settler had to work hard without doing much more than support his family and pay to the mortgagee of his land eight or nine per cent. on the money he had been compelled to borrow to develop and stock his farm. According to all the accepted rules of political economy this arrangement was perfectly satisfactory, no doubt. The people, or the companies, that had money to lend, got all they could for it; those who were in need of it had to pay just as much as was demanded, or otherwise to give up the struggle to make a home for themselves and children.

The Government of New Zealand had already taken many unusual steps to induce people to settle on and cultivate the land by making it easy to get land on

which to settle; this, however, was a real difficulty in the way of success which could only be met apparently by taking a step still more unusual than any that had gone before it in the direction of what was certain to be looked on as public interference with private business.

The excuse made for the high rate of interest charged on loans to the people who wanted to improve their lands was that the security was not sufficiently good to entitle borrowers to expect to get loans at lower interest. It might be true that at the time of borrowing the applicant's farm was worth twice as much in the market as he wanted to borrow, but there was always the risk of bad times, and a fall in price, and the risk was one that could only be paid for by a high rate of interest. It seemed to the New Zealand Parliament that there was another way of meeting the difficulty. If the possible risk that attached to the ordinary security of the land was the excuse for an excessive rate of interest when the money was lent by capitalists to individuals the colony could reckon on getting better terms when it offered the security of the community as a whole in the English money market, and could thus indirectly give the settlers the benefit of a national guarantee. The original statute authorising the Government to make advances of money to settlers, secured by mortgage on their land, with its later amendments, has been largely taken advantage of by the people, partly owing to the relief it has afforded them from excessive rates of interest, and partly owing to the liberal arrangements it has been found possible to

make in this as in other business transactions carried on by the Government for the payment of interest by instalments, and the reduction of the principal sum by payments on account almost at any time. The interest which till the passing of the statute had ranged from seven to nine per cent. on farm lands was reduced under the new system first to five per cent., and later to four and a half, with the right to pay off the principal by instalments along with any payment of interest. Provision was made for a careful valuation of all lands on which advances were asked for; but it was provided that a uniform margin of value over the amounts asked for should be established and that advances might be made up to three-fifths of the market value. The result of this has been of two kinds—settlers have now during fifteen years been able to obtain the money they needed for the improvement and stocking of their farms at four and a half per cent., instead of an average of eight per cent., as formerly; and the general rates of interest on mortgages of country lands have automatically been reduced to very nearly the Government rate.

This part of the public business is conducted by a Board of Control, and while, as might have been expected in the case of an innovation that so seriously interfered with the operations and proceedings of money-lending capitalists and companies, its conduct of business has been closely watched, it has never, during those years, been exposed to any serious criticism. The total amount that has thus been advanced on mortgage by the Government during the fifteen years has

been a little more than \$45,000,000 (£9,343,000), and of this there has been repaid during the time about \$18,000,000 (£3,680,000), leaving a balance at present advanced on loan to the farmers of about twenty-seven million dollars (£5,470,000), on which the farmers — and through the farmers the country at large — save probably at least eight hundred thousand dollars (£180,000) — on each year's interest.

The success of the experiment of Government advances to settlers after a few years' trial naturally suggested the question whether there were not other classes of the community whose condition might be improved by the application of the same principle. It had become evident that the farmers had obtained great relief by the national guarantee of their loans, both directly and indirectly, and through them the people at large had been the gainers; could not the same principle be applied to some system that would benefit the workers of the community? The answer to this question was found in the provisions of the statute known as "The Advances to Workers' Act," which was passed in the year 1906. The purpose of the law was that of encouraging thrift, and bringing within the reach of the class of the people that had up to that time found it most difficult, the opportunity of becoming their own landlords by acquiring homes for themselves and families. The statute authorised the advance of public money to workers desirous of providing themselves with homes, to be secured by a first mortgage of the premises, which may be either freehold or leasehold.

A worker is defined by the law as a person employed

in either manual or clerical work who is not in receipt of an income of more than two hundred pounds (\$1,000) at the time of making application for the loan, and is not at the time the owner of any other land besides that which is offered as security. The person applying may be either a man or woman. The loan may be used either for the purchase of land on which a house has already been built or for the purpose of building on land already the property of the person applying. In case the loan is required for the erection of a house, the money is to be advanced by instalments as the building progresses, and the house must be inspected by a government officer, and a certificate obtained from him before the balance of the loan can be obtained.

The largest amount that can be borrowed from the public fund by any one applicant is fixed at £450 (\$2,235), a sum sufficient, under ordinary circumstances, to pay for the erection of a cottage home of six rooms well and substantially built. The loans are in all cases repayable by instalments at the end of each half year, the instalment of the principal being paid as part of the interest. The interest, which includes the instalment of principal necessary to pay off the mortgage debt in thirty years is charged at the rate of five and a half per cent. on the amount of the loan, on condition that the half yearly payments are made within fourteen days of the due date—if they are longer than this in arrear another one-half per cent. is charged. As in the case of the "Advances to Settlers," provision is made in each mortgage that any part of the principal debt may be paid off along with the in-

stalment due at any half yearly period, at the option of the debtor.

The new law only came into force four years ago, but already it has been taken advantage of at all the chief centres of population to a considerable extent. During the first year, indeed, little was done, as few of the workers were ready to take advantage of it by themselves securing a site for a home. Since then, however, the number of applicants has increased year by year, and already a sum of between seven and eight million dollars has been advanced for the building of homes for the workers of the community. This represents about five thousand workers' homes that have been built with money advanced by the State to individuals, showing an average amount of about fifteen hundred dollars (£300) advanced in each case.

The time during which the system has been in force has not been long enough to enable its full results to be ascertained on any very large scale, but it may be said with confidence that up to the present time it appears to have been eminently successful. The amounts advanced have been drawn from the public loans, authorised by Parliament, and obtained at an average cost of three and a half per cent., without including the expenses incurred in raising them. There has thus been a margin of about one per cent. on the advances made to meet the various expenses of administration, which in a case of this kind are necessarily rather heavier than usual. The experience of the four years has been most satisfactory from a financial point of view, both interest and instalments of principal hav-

ing been paid within the time fixed to entitle the mortgagees to the reduction of one-half per cent. on the interest payable. So far the public has experienced no losses, as in the very rare cases in which for some reason, such as the illness or death of the mortgagee, it was found difficult to pay the interest and instalments of principal due the owners have found no difficulty in disposing of the property at a higher price than that at which it had been valued by the Government valuers when the loan was applied for.

It need hardly be said that the legislation which authorised advances of money borrowed on the credit of the whole community to farmers to enable them to develop and improve their farms, or to workers to build homes for their families at reasonable rates of interest, was a very marked advance in the system of state socialism. A statute passed in 1908, however, has introduced a still further advance in the same direction. The statute is known as "The Workers' Dwellings Act," and its object is to provide dwellings at centres of population of a size and kind suitable for mechanics and labourers who are not as yet in a position for any reason to avail themselves of the provisions of the statute providing loans for workers anxious to secure homes for their families.

In New Zealand, as everywhere else, the wish of the class of people who have capital is still to get the largest possible return for it. It cannot be denied that for the last twenty years the tendency of the country's legislation has been unfavourable to this policy of capital. The laws affecting labour have in many

ways interfered with the possibility of making large fortunes by trade, in the way, and to the extent that has been possible in every other civilised country; it is not surprising that many small capitalists have thought it a good speculation to invest their money in city and suburban lands, and to build houses for which a large rental could be obtained — large, that is to say, in proportion to their cost. The workers of the nation, which in New Zealand have been defined by statute, as that part of the people employed at either manual or clerical work for which not more than a thousand dollars is paid in each year, were naturally those who were the principal sufferers by this policy. Small houses of four or five rooms were let at the chief centres at rentals that ate up at least one-fourth of the wages of the people who occupied them. This, it was said by the owners, was necessary to enable the landlords to pay rates and taxes, and to leave them seven to eight per cent. on their investments, which was little enough, they contended, on house property.

Once more the habit of experiment made itself felt, and at the session of Parliament held in 1908 authority was given to the Executive Government to go into business as householders, as far as might be necessary. At the end of the first year of the experiment one hundred and eight houses had been built, and let in almost every case to mechanics at a rental of about \$125 (£26) for each. The houses have been built at a cost of a little more than two thousand dollars each on an average — (£410) — which includes the cost of the land, measuring fully one-fifth of an acre in

each case, and the rentals, which are but little more than one-half what has usually been paid as rent for much less desirable houses in the neighbourhoods in which they are situated, provide five per cent. on the outlay, besides providing for local rates, taxes, and insurance. The houses are of five rooms, and are neat and attractive in appearance, while the allotments on which they stand are large enough to allow room for a small garden.

CHAPTER VIII

A GOVERNMENT IN BUSINESS

THERE is nothing on which the opinion, or at any rate the general feeling, of the world of commerce would be more likely to unite than that of the folly of any national government going into business. Americans, who perhaps not unnaturally look on themselves as the foremost commercial people of the world of to-day, are probably the most entirely convinced on this subject. That a Government could possibly do business as well as a private company or corporation, seems to nearly all of them ridiculous, and one of the strongest arguments against any form of socialistic government would for most of them be found in the necessity for a government management of so many business affairs as would almost certainly fall into its hands.

The State Socialism of New Zealand, it may be at once admitted, lays itself open to whatever of justice there may be in such criticisms. The interference of Government in a good many things that elsewhere have been left entirely to private enterprise is indeed a much older thing there than most of the innovations on established custom that have called special attention to the country during the last eighteen or twenty years.

One of the first public needs that made itself keenly felt in New Zealand after settlement had begun on any considerable scale was that of internal communication. This was not, of course, peculiar to the island colony, and elsewhere, as for instance, in Australia, it had been met by the construction of roads into the interior on a large scale. New Zealand, however, being a colony of very late establishment had more modern ideas; and almost from the first was ambitious of possessing railroads as the modern equivalents of the old-fashioned highways of older countries. At the time, and with a total white population of little more than two hundred thousand settlers scattered along the coast, with wide intervals between the little settlements, it was evidently out of the question to expect any private company to speculate in railroad construction in the hope of obtaining dividends. If there were to be railroads in the country at all it was certain they must be constructed by the Government, and paid for with public funds, and to the settlers there seemed nothing unnatural, or unusually dangerous in the proposal. The money needed for such an undertaking could be borrowed on the credit of the whole colony, and at the time it could be got in no other way.

It was in this way that the first important step was taken which involved the necessity for the Executive of the country going into ordinary commercial business. The first attempts at railroad making were the work of the Provincial Governments in different parts of the country, but in 1873 they were taken over by the Government of the colony as part of a proposed system of

national public works, and have now been operated by the colonial Executive as a department of the public service for nearly forty years. At a later date two different incorporated companies obtained authority to construct railroads, one in the north and the other in the south island, but both were eventually taken over by the Government at a valuation, and became parts of the national system. The work of construction has been proceeded with year after year by the Government with the sanction of Parliament, till there are now nearly three thousand miles of railroad in operation in the two islands — an amount of railroad accommodation for the public which exceeds that provided by any other country in the world, in proportion to the population, not even excepting America.

The purpose that has from the first been acknowledged as that of railroad construction in New Zealand has been opening up the lands of the country for settlement, not that of earning the largest possible profits; and in this lies the radical distinction between a national and a commercial railroad system. All the New Zealand railroads have been constructed with borrowed money, and the present mileage has cost the country about \$126,000,000 (£25,000,000). The sum is a very large one, involving a liability of about \$125 (£25) per head on the whole population; but it is to be remembered that it is strictly a business transaction, in which the community obtains the capital for a little over three and a half per cent. which would have cost a private company from five to six per cent. The railroad department of the country has grown very grad-

ually, but it has now reached the dimensions of a very large business undertaking; it remains to be seen how far it has proved a success.

Nearly everything that has been said of the New Zealand railroad system may be said also of the telegraphs and telephones of the country. From the very first these have been constructed and operated as a portion of the Post Office system of the country. In 1872 fully two thousand miles of telegraph lines had been erected, which were gradually added to, as the demand increased, and settlement extended, till in 1910 there were more than eleven thousand miles of lines in operation in the two islands, carrying more than 35,000 miles of wires. In addition to this there are deep sea cables between the two islands, and an ocean cable, established by the colony, connecting the islands with Australia. The telephone service of New Zealand is comparatively a recent addition to the department, but during the twenty years it has existed it has, like the telegraph service, been made use of by a rapidly increasing percentage of the population. It is worthy of special attention that the use made both of telegraphic and telephone services in New Zealand very far exceeds that of any other country, while the charges made by the department are on a much lower scale than in any other civilised country, and are less than half those charged by the great corporations that control both services in America.

The explanation of the low rates charged for telegraph and telephone services in New Zealand is, of course, the fact that in neither case is it sought to

make profit out of the public service, and the charges are regulated, like those on the State railroads, merely on the principle of providing for working expenses, maintenance, and the actual amount of interest payable on the capital invested by the State in the construction of the lines. The working expenses are, no doubt, greatly reduced, while the convenience to the public is increased, by the incorporation of both telegraph and telephone services with the post office department of the country. This enables practically every post office throughout the country to become also an office for telegraphic service, without the cost of establishing separate offices, or employing — except at centres of population — separate operators, as each postmaster, or mistress, in small towns or country districts is obliged to qualify as a telegraph operator.

The experience of New Zealand in the management of business affairs, extending beyond the time-honoured limits of the post office service, had therefore been of a good many years' standing before the country had thought of adopting anything that could be called a definite policy of State Socialism. Its railroads had been in operation for more than twenty years, its telegraph services for fifteen — though in both instances, it is true, on a small scale — before the new policy was definitely adopted, and the experience of those years had much to do with the readiness of the people to proceed with new experiments. A third branch of what is usually looked on as commercial business that was undertaken at an early date by the New Zealand Government was that of Life Insurance, as a Department of

Government. When it was founded there were a number of companies — English, American, and Colonial — carrying on the business of life insurance in the colony. There had at the time been several cases of failure among insurance companies, both in England and America, and some uneasiness was felt about the absolute safety of such investments. It was believed that this feeling of uneasiness could best be removed by the guarantee of the colony, which could only be given to insurance policies issued by the Government itself. Another reason for the establishment of an Insurance Department of the Government was that while the rate of mortality was lower in New Zealand than either in America, England or Australia, no account was taken of this fact in the premiums charged so that New Zealand insurers were called on to pay the same premiums that were charged in countries where the death rate was fifty per cent. higher than it was there.

These reasons had led to the establishment of a Life Insurance Department a good many years before anybody in the country had thought of entering on the series of experiments that have gradually assumed the form of a settled policy. The new department had been founded on a careful investigation of the special conditions of the country and its people, which had led to important reductions in the scale of premiums charged, and while no effort had been made to advertise its advantages, it had become within a few years a formidable competitor of even the most popular companies established in other countries, and having branches in the colony. It was not until the last ten years of the last

century that the New Zealand Insurance Department of the Government was authorised to extend its business into the field of ordinary industrial insurance, and to grant insurance policies to provide against accidents. In the year 1903 this was further extended to insurance against fire, and in both cases the reasons for the extension were practically the same — namely, the protection of the people from what seemed to be excessive demands of premium rates arranged between the various companies doing business in the country.

Since the year 1903, that is to say for the last eight years, the New Zealand Government has been carrying on the three branches of national insurance — Life, Accident, and Fire,—the two latter of which, at least, must be regarded as coming under the head of ordinary business enterprise. In all three cases the object of Government interference was the betterment of the people. In the first, greater security for insurers was the main object, though other important advantages were looked for, and have been realised. In the other two branches, which represent the more purely commercial side of the insurance business undertaken, the object of the Government was to prevent what appeared to be an imposition on the public by an agreement between the companies to fix a uniform and excessive scale of premiums. The attempt is a familiar one in America, and one which the Government has for years been fighting against; it may fairly be said with little or no success. The New Zealand experiment has at least apparently been attended with better results, as in both cases the effect of Government competition has been to

cause the reduction of the premiums of the other companies to the scale of charges introduced by the Government Department.

Within a very few years of the first settlement of New Zealand Savings Banks of the type familiar to the people of Great Britain and America for many years, were established at each of the chief centres of population. These were for a good many years sufficient to meet the needs of the people, who were in those early days settled within a very short distance of one or other of the little cities. In those times, too, it was but a small proportion of the people that had any need for a bank in which to deposit savings, as savings were few, and what there were found a ready place of deposit in the land that was occupied by the great majority of the struggling settlers. As the years went on, however, and settlement spread over the back country, circumstances altered, and it became increasingly difficult for the settlers at a distance to reach the cities, either to deposit savings, or to withdraw the money that might lie in the savings banks at their credit. The demand, too, for such institutions was steadily increasing as time went on, and the time-honoured substitute of the homely stocking foot gave less and less satisfaction.

At last the need of doing something to provide for the public convenience led to the addition of a Savings Bank Department to the Post Office service of the country. The new departure had two manifest advantages at least to offer, as compared with the old Savings Bank system. It gave to every depositor the guarantee of the credit of the whole Community instead of that of a

small body of Trustees: it also enabled the advantages of the institution to be brought within the reach of nearly the whole population at very small expense. It must, of course, be admitted that it was another, and a very serious excursion into the domain — so long considered sacred to private management of business finance. It has now for a good many years involved the handling and investment of large sums of the people's money, because it has been taken advantage of to an extent, which in comparison with the numbers of the inhabitants, has been remarkable, and indeed unequalled in any other country in the world.

New Zealand is to-day a country in which most of the modern inventions for the convenience and benefit of the people are to be found in very general use, and among these the postal facilities of every kind are among those that attract first the attention of visitors to the country. The Post Office department, which in America and England has long been remarkable for its efficient management, and excellent business arrangements, has in New Zealand a wider scope, and one of far more general usefulness to the public than in either country. There are within the Dominion at this time about two thousand four hundred Post Offices for the use of about a million people. Of these more than six hundred and fifty do business as branches of the Postal Savings Bank of the country, and thus bring within the reach of the people in every district all the benefits to be gained by ready access to a banking establishment which combines the safety of national guarantee with a

simplicity and liberality of system far beyond that of the Savings Banks of older countries.

In addition to the Money Order business, which is carried on at very nearly one-half the branch post offices throughout the country, there is a large business done in the sale and payment of postal notes, by means of which money in small amounts can be transmitted to any part of the country without the trouble involved in the money order system. Of these postal notes more than a million and a half were issued at the various post offices within the Dominion and paid at other post offices within the last year.

New Zealand, especially on the western side of the south island has now for many years been the seat of a very considerable coal-mining industry. The coal obtained is generally a very high class of hard bituminous coal particularly valuable for steam purposes, and the work of development has been carried on by a few companies, the shares in which are largely held by English, or at least by absentee shareholders. In the year 1901 a statute was passed by the Parliament to authorise the Government to open and operate State Coal mines on public lands, and a few years later a large area of the coal-bearing lands on the west coast of the south island was reserved from sale for that purpose. The immediate object of the new experiment was the provision of a source of supply for the purposes of the public railroads of the country, though the terms of the statute left it optional with the Government to use the produce of the mines for other purposes, should it appear

desirable at any time to do so. Two very considerable mines, situated within a short distance of the two chief coal exporting harbours of the country have now been in active operation for some years.

For some time these mines were only worked to the extent necessary to supply fuel for the railroads, but some years ago there was a great strike among the coal-miners in New South Wales, and the coal mining companies in New Zealand took advantage of it to raise the prices of their coals, knowing that no coals could be imported to interfere with them from Australia. As soon as this became a matter of common complaint the Government took steps to increase the output of their own mines, and offered to supply dealers at the old prices. At first the companies prevented most of the dealers from buying the Government coals by threats that they would sell none to anybody who dealt with the Government mines. The attempt, however, did not last long, as the Government proceeded to establish depots at all the chief centres of population, and offered to supply coals at retail prices to consumers. When this step was taken the struggle was practically at an end; and within a few weeks the coal-mining companies surrendered at discretion, and reduced their prices to the old scale. The Government coal depots still exist at the principal centres, but while coals can still be got there by the public, no attempt is made to push the sale, or to increase the production of the Government mines — the mere fact of the existence of the depots being looked on as a warning to the producers, and a guarantee of fair-play to the public.

One more instance of the interference of the New Zealand Government in matters of business may be mentioned as the latest development of the policy of Government for the people without regard to old established ideas and practices. This law, which came into operation at the beginning of this year is intended to provide for a National Provident Fund, the object of which is to do on a national scale what has hitherto been attempted, and partly accomplished, in most civilised countries of European origin by a great variety of Friendly Societies. Such societies have existed in New Zealand almost from the beginning of its settlement, and have undoubtedly been of service to many, especially of the inhabitants of the cities and larger towns of the country. The purpose of the new statute is the characteristic one of placing the Government of the Dominion in the position of the national Friendly Society of the New Zealand people. It aims at providing all, and more than all the benefits that could hitherto be obtained by joining one or other of the societies for mutual benefit, very often subject to conditions that excluded many of the people from membership. The new National Provident Fund will be open to all the workers of the Community, using the term "workers" in the sense defined by several of the laws already mentioned in these pages, as persons engaged in work, either manual or clerical, for which they do not receive as wages or salary more than £200 (\$1,000) a year; and the contributors to the Fund will, in return for payments, made either weekly or monthly, become entitled to annuities of from ten shillings (two and a half dollars) to two

pounds (ten dollars) a week for the rest of their life after they reach the age of sixty years.

The conditions under which persons may become contributors are simple. All contributors must be between sixteen and forty-six years of age at the time of joining, and the weekly payments may be anywhere between nine pence (eighteen cents) and twenty shillings (\$5.00), according to the age at which the contributor joins, and the amount of the annuity he wishes to secure. It is provided that if any contributor of at least five years' standing, or any person already in receipt of an annuity under the statute die, leaving children under fourteen years of age, a sum of seven shillings and sixpence (about \$1.75) shall become payable to his widow for every such child, till he, or she, shall reach that age. The widow also becomes entitled to receive the same amount for her own use till her youngest child reaches the age of fourteen. There are also further provisions by which contributors suffering from illness or temporary disablement for more than three months become entitled to receive the same amount for each of their children under the age of fourteen until recovery.

The new statute has only lately come into force, and it is therefore impossible as yet to say much as to its operation, though there are already strong evidences that it will be very largely taken advantage of by that part of the population for whose immediate benefit it has been enacted. It may also be noted that it is entirely in accord with the general principles which have more and more distinguished the legislation of New Zealand from that of other countries during the last twenty years.

CHAPTER IX

EXPERIMENTS IN FINANCE

NEW ZEALAND has the largest national debt in the world in proportion to the number of its people. The statement is a familiar one, for it has been used for a good many years as the strongest possible condemnation of the economic system of the Community that has been bold enough to set at defiance the conclusions of political economists. At first sight the statement appears to be a serious one. A heavy national debt naturally implies to the minds accustomed to the generally accepted theories of Government a heavy national taxation, and a people more or less depressed by the burden. In the case of New Zealand, it may at once be admitted, the statement of a heavy national debt is unquestionably correct. The Dominion of New Zealand owes to-day a larger national debt than any other country in the world in proportion to the number of its people — it is not the fact, but the meaning and effect of the fact, that is really important.

National debts are things to which civilised nations have long become accustomed, and have learned to look upon as almost necessary evils. They have grown generally — as in the cases of England and America — out of great wars, or the preparations for national defence

against possible attack, and so have naturally been looked on as burdens that were only to be submitted to when there was no way of escape, and to be got rid of at the earliest moment possible. And yet, at the worst they were never so heavy, in proportion to the number of the peoples that had to bear them, as the national debt of New Zealand — a country which, to-day, ventures to consider itself unusually prosperous. Many Americans can still remember the conditions of trade depression that followed the close of the Civil War, due, in part at least, to the weight of the huge national debt, and the taxation needed to pay the interest. The same was true of England at the close of the great Napoleonic war with France at the beginning of the last century which had almost exhausted the credit of the country, paralysing its industries, and increasing the misery of the poorer classes of its people; and yet in neither case was the national debt nearly so heavy as that of New Zealand to-day in proportion to the population. In that young country the annual charge for interest on the debt of the nation comes to as nearly as possible £2.2 (or \$10) for every man, woman, and child in the country, with an additional fifty cents (or two shillings) for each to provide a sinking fund.

It may sound ridiculous to say that in the case of New Zealand the burden is not a heavy one, and yet this is literally true — it is not felt by the people at all. The explanation is, after all, very simple indeed; and the difficulty that so many of the people who undertake to speak and write about it have in understanding it is caused by the fact that they have not taken the trouble

to grasp what it means. The national debts of nations whose government is carried on upon what are supposed to be orthodox lines of political economy, have almost invariably represented money that was thrown away on objects that not only did not pay in themselves, but usually involved great loss in other ways; the money borrowed by New Zealand to carry out a policy of State Socialism has been money well invested, which has not only paid for itself, but has at the same time increased the wealth of the whole Community.

The people of New Zealand owe the public creditors of the country a sum of money to-day equal to about \$350 (£72) for every white man, woman, and child, in the Dominion. Of this amount nearly \$30 (£6) may be said to be a real burden, as it represents money that was spent, directly or indirectly, in fighting the native tribes, in the two wars that occurred in the early years of the colony. The wars, indeed, could hardly have been avoided, if the country was to be settled at all, but, like other war loans, the money, which was raised with difficulty at high interest, never made any direct return to the people that borrowed it. In this respect these early loans were only like other national debts that have given borrowing by Governments a bad name; and it says much for the common-sense of the people of New Zealand and their representatives in Parliament, that in their later borrowing transactions they have not repeated the mistake.

Up to the year 1891 no policy that could be fully identified with State Socialism had been adopted in New Zealand; but it must be admitted that in the twenty

years between 1871 and 1891 a good many things had been done by the Government that were unusual in older countries, and no doubt had the effect of training public sentiment in the direction of a definite policy of interference by the State with matters that were elsewhere considered beyond the sphere of public control. From the first settlement of the country there had been a post office department in New Zealand under the control of the Government, but this was no more than existed in America and England, and indeed in every civilised country in the world, though it is no easy matter to distinguish its operation from any ordinary commercial undertaking. In New Zealand, however, it had been found necessary to go farther than in older countries. There the land of the country was admittedly the property of the native tribes, and could only be bought from them by the Government, so that a Land Purchase Department was needed, and the Government became both the buyer and seller of the land required for settlement. As the settlement of the land extended to a greater distance from the markets and ports the question of communication naturally became an important one, and the question of railroad building to enable the settlers to bring the produce of their lands to a market, forced itself on the attention of the Government. There were but few white settlers in the colony then, and these were scattered thinly over the country; it was certain that nobody would build railroads in New Zealand as a commercial speculation. If the country wanted railroads it was certain the colony must build them for itself. It had been discovered that

English capitalists, who were not willing to risk their money in the speculation of building and operating railroads in so new a colony, could be induced to lend their capital to the colony to enable the settlers to do it for themselves. In this way the New Zealand Government was almost forced to go into the business of railroad construction, and add a Railway Department to the other branches of the public business.

The first really large financial operations of New Zealand as a nation were connected with its railroads. Money had been borrowed before to pay the expense of the wars with the natives, and some — though not a very great sum, had been borrowed to buy land for settlement from the tribes; it was only when a policy of opening up the country by railroads had been decided on that New Zealand became a heavy borrower in the English money market. There were only about a quarter of a million of white men in the colony when railway building was begun, and at the time the public debt of these 250,000 settlers — most of it representing money spent on war that brought in nothing — amounted to about \$37,000,000 (£7,600,000), that is to say nearly a hundred and fifty dollars per head of the whole population that was nearly all wasted, or at any rate brought in no return in money. This, it may very naturally be supposed, might have appeared to be a sufficient national debt for so small a people, but, having once decided on a policy of railroad building, neither the Government nor people hesitated to carry it out with energy. The construction of railways and harbours in many parts of the world were familiar ideas in the English money

market at that time, and it was found that for such purposes money could be got without much difficulty, especially with the guarantee of the colony added, and in the twenty years between 1871 and 1891 New Zealand had added about a hundred and five million dollars (£22,000,000) to its national debt.

Unlike the case of the first thirty-five million dollars which the young colony had borrowed, the hundred and five additional millions had not been spent on objects that made no return for the money spent. About eighty-five millions had been spent on the railroads, and there were 1842 miles built and in operation by the end of 1890, opening up many thousands of square miles of rich country for settlement that could not have been settled without it. Several millions of acres of good land had been bought from the native tribes, and could be bought on easy terms of deferred payment by intending settlers, or could be taken on perpetual lease by them from the nation, on condition that the leaseholders lived on the land and cultivated it. Large sums had been used for the improvement of the best harbours on the coast, the interest of which was collected as harbour dues and wharfage rates by the local authorities, and paid into the Treasury of the Colonial Government. At first, it is true, the railroads didn't pay the full interest on the money they had cost, but to make up for that they increased the value of the land and the prosperity of the settlers; and the new settlers who had been helped with part of the borrowed money to come to the country were able to settle on the land,

and gradually to pay the colony back the money it had advanced for them.

This was the state of affairs in 1891, when the policy of definite State Socialism may be said to have been introduced into New Zealand. The people had discovered that it was quite possible for a Government to do a good many things for the country with success that could not have been done without them, which developed their country, and helped the settlers to greatly increased prosperity. They had learned to believe that other things besides Post Offices could be successfully managed, and honestly administered by a Government for a nation; and that the whole Community might be a great gainer in many ways by leaving matters in their hands, rather than by handing them over to corporations, whose one object would be to make large profits that must come out of the pockets of the rest of the people. It was such experiences as these that make it possible for the Government and people of New Zealand to enter on a policy that set at defiance most of the settled prejudices of the commercial world, and to proceed farther in a financial policy that was denounced on every side as ridiculous, and all but insane.

When the policy of railway construction by the Community was set on foot there were almost exactly two hundred and fifty thousand white people in the colony; in twenty years their number had increased to about six hundred and forty thousands. The experiment of public borrowing on a large scale, and using the money for the construction of public works that seemed likely to

benefit the public, had been so far a success that the taxation per head on the people was actually less, and was greatly less felt, than it had been when the national debt represented very little besides the cost of two ruinous wars — it appeared at least possible that more money might be profitably borrowed, and used for purposes that were likely to develop the country, and advance the welfare of the people.

The definite policy of State Socialism involved — as it probably must in all cases involve, to a greater or less degree,—the continuance of borrowing by the State some of the capital held by individuals for public uses. From year to year, since 1891 money has been required in New Zealand for carrying out railway building, telegraph and telephone installation, and harbour works, and in each case the money has been obtained by means of loans raised in London. During these twenty years the colony has borrowed nearly a hundred and ninety million dollars — £39,000,000 — while it has paid off about three million pounds (\$15,000,000) of the public debt, which had become due. Thus the public debt has actually increased by a sum of \$175,000,000 (£36,000,000) in twenty years. In the meantime the population has increased by fully one-third, and as the later loans have been negotiated on better terms than the earlier ones, the increased indebtedness per head of the population for interest has not been very great. This, however, is a matter of small importance, as the interest does not fall upon the general public at all, but on those who receive the direct benefit of the loan expenditure.

About one-third part of the loans of the last twenty years has been spent on the railroad system of the country, which has been extended about twelve hundred miles during the period, and now represents a main trunk line extending from north to south through the two islands forming the Dominion of New Zealand, with branch lines to the principal ports on both sides. Dividends were never from the first, the object kept mainly in view in the construction of the New Zealand railroads; and it need hardly be said that the introduction of a system of definite State Socialism has rendered any such idea still more unlikely to be accepted by the people, or the Government. The rule in these later years, as formerly, has been that railway rates, both for passengers and goods, should be regulated from time to time on the principle that the returns from the railroads themselves should be sufficient to pay all expenses of operating the lines, the interest payable by the public on the money borrowed for railway construction, and a reserve sufficient to provide for keeping both the lines and the rolling stock in good condition. This rule has been adhered to, and the returns of revenue from the railroads are fully sufficient, year by year, to pay all the cost of the service, and even to improve both the lines and the rolling stock in use.

The great extension of the telegraph lines, as well as the practical installation of a telephone system has also been paid for out of loans, and the interest on the expenditure has been paid, in addition to all costs of operation, out of the revenue derived from the service itself, which, it may be noted in passing, is by far the

cheapest, and the most generally used, of any similar service in any part of the world. It may, of course, be pointed out that both the railroads and telegraphs were in existence in New Zealand before the country committed itself definitely to a policy which interfered with private enterprise to an extent unknown in other countries, and that the question of real importance is how far borrowed money spent on these new, and hitherto untried experiments should operate as a burden on the people at large. There is, it may be admitted, reason in the argument which calls on New Zealand to account for the expenditure of about a hundred and ten million dollars (£23,000,000) in twenty years on new experiments in government.

New Zealand's largest investment of borrowed money during the last twenty years has been made in the purchase of lands previously sold by the State to private individuals or companies, and held by them, as a rule, in the prospect of either selling it eventually at greatly increased prices to the people that wished to settle on, and cultivate it, or letting it on lease to tenants at high rents when the demand for agricultural land should become so great that settlers would be found willing to take it on such terms. As we have already seen the Parliament decided that such holding of large areas of land for speculative purposes was injurious to the nation, and by statute authorised the Government to take any such estates, at a valuation, as soon as a sufficient number of settlers declared themselves willing to lease the land in farms of not more than three hundred and twenty acres each from the Government, paying a rental

of four per cent. on the price paid. For such lands the Government has paid in the twenty years the large sum of fully \$30,000,000 under the provisions of the statute for compulsory purchase of land for closer settlement. It need hardly be pointed out that as the Government can only purchase such lands when a sufficient number of suitable persons have petitioned for the purchase, agreeing to lease it from the Government when acquired, at a rental which leaves a margin of one-half per cent. beyond the interest paid by the country on its loans, no burden is cast on the general public by the existence of loans incurred for this purpose.

A second sum of more than \$38,000,000 (£7,800,000) has been spent in making advances to settlers on the terms authorised by the statute, for the purpose of reducing the burden of interest usually charged on such loans by private capitalists and companies, the operation of which has been already explained at length. As the advances can only be made after independent valuation, and are limited to a certain proportional value on the property mortgaged to the Government, it is evident that nothing short of a large and general depreciation in the value of agricultural land could throw any burden of interest on the community at large in respect of such loans. The further question of the general effect on the progress and prosperity of the country is one to which we shall return hereafter; for the present purpose it is sufficient to show that the interest of loans that are spent on this second experimental interference with the operations of capitalists, does not cast any immediate burden on the Community,

while it relieves the settlers on the land of a weight of interest that in New Zealand, as in America, has too often proved a crushing burden.

Of the remaining fifty-two million dollars (£10,500,000) still to be accounted for out of the public debt incurred during the last twenty years by the people of New Zealand, \$17,000,000 (£3,550,000) has been advanced to local bodies, for harbour, and other public works at a rate of interest lower than that at which these bodies could themselves have obtained the money, thus relieving the local city and harbour revenues of a needless burden. About \$7,000,000 (£1,750,000) have been invested in the purchase and improvement of native lands for settlement. These lands, when disposed of will, even if they should not contain valuable mineral deposits of coal and metals, as they very likely may, will certainly return to the public Treasury all that has been expended, including both principal and interest. About \$5,000,000 has been expended in advances to workers to enable them to make homes for themselves and families, on terms that secure the public from loss while they benefit a large and most important part of the nation by relieving them of heavy rents at present, and by setting before them an attainable condition of well-being in the future for themselves and families.

Five million dollars were employed in the purchase of the only railroad in New Zealand that has ever been constructed and operated by private enterprise. This railroad formed a natural part of the system of public railroads, and was eventually bought at a valuation to avoid the necessity of building a line that

would practically have competed with, and eventually ruined the property of the company that had constructed it at a time when it was a real benefit to the public. The extension of telegraph and telephone lines was responsible for about four million dollars, and the erection of public buildings, including post offices, court houses, and terminal stations at the chief cities on the railway lines, as well as the development of the Government coal mines and a number of other smaller advances and expenditures on various objects—all, or very nearly all,—calculated to return not only the expense of operation but the full interest for which the public Treasury was primarily responsible to the creditors of the country.

CHAPTER X

NEW ZEALAND'S STATE SOCIALISM

THE policy of New Zealand, a sketch of which as expressed in the legislation of the country, has been attempted in the preceding chapters, may perhaps be most fairly characterised as a policy of State Socialism. Socialism of any kind is comparatively a new departure in either political or economic thought, which may be said to be the product of the last hundred years, and in its more definite forms probably of the last fifty. As might have been expected the new ideas that have been classed under the general name of socialism have taken many forms, influenced by the personality and surroundings of the various apostles of the new political and economic faith, and there is a danger that the word "socialism," wherever used, may be understood differently by those who meet with it. Even the safeguard that links it with another word by way of limitation, may not always prevent misunderstanding, as there may be persons in the ranks both of socialists and anti-socialists who are ready to seize, either for praise or blame, on the familiar term, and to lose sight of the special limitations involved in its compound. Under these circumstances it may be well to prevent misunderstanding by saying something in explanation of the

sense in which the term State Socialism is used in this book as applicable to the social and political ideals and experiences of New Zealand.

The policy that has distinguished the legislation and administration of New Zealand from that of any other civilised and self-governing country during the past twenty years has never received any special title in the country itself; and it may be doubted whether either of the two men who were mainly responsible for its introduction thought of it under any such name, or even regarded the legislation as part of any complete system at all. It is more than likely, indeed, that could either of these men have foreseen the changes that would be gradually introduced as the really logical results of their first experiments they would have hesitated to enter on a policy so far-reaching, and so unexampled in the history of nations. And whether this estimate of the men who introduced the policy, and developed it year after year by new laws that seemed to follow one another in an almost inevitable succession, is correct or not, it is certainly true of the people at large. Circumstances that had led gradually to the adoption of a certain course in the legislation seemed to lead on persistently from one step to another, till that which at first would have appeared strange and revolutionary became natural, and even necessary. The secret of the progress of New Zealand's policy, which to people at a distance has looked so strangely persistent and obstinate, may be found not in any definite theories of politics or social ideals, but in a very simple underlying principle which the conditions of the country and its people com-

mended to the community as a wholly natural thing. That principle was the absolute supremacy of the people, as an undivided whole.

In the older European countries, burdened with the traditions of long centuries of the semi-barbarism which romantic sentiment has clothed with ideal attractions, it was perhaps natural that the real unity of a nation should be a name and in reality nothing but a name. In America the relics of the same traditions, and the sudden development of the new spirit of unbridled commercialism, have gone very far to produce the same results. In a country as young and as isolated in position as New Zealand, where the early settlers were brought face to face with conditions that were comparatively primitive, and where as yet the spirit of modern commercialism could hardly be said to have taken root at all, it was natural that the point of view on all questions of public interest should be different. In such a community there was little or no room for the old traditions that split up a nation into classes; and where all, or nearly all were workers, uncontaminated by a leisure class, there was little to encourage the money worship which under the reign of unbridled commercialism has shown itself capable of producing very similar, and in some respects more unpardonable abuses. It is not, therefore, claimed for either the leaders or the people of New Zealand that they have developed lofty ideals of society, or of government, on any high philosophic plane. It is not even claimed that they intentionally built up a policy more ideally advanced than that of older and larger communities.

All that is claimed is that by a very natural process of development the point of view of the people of New Zealand became a really social one, and the benefit and advantage of all the members of the community, and especially of those who, for the time at least, seemed to have the fewest advantages, should be the first consideration in the law-making of the young country. It had been the dream of some of the founders of the colony, indeed, at first to reproduce the old social and political conditions of England in the new colony; but circumstances had within a few years shown conclusively that it was only a dream; and New Zealand became perhaps the most entirely democratic in feeling of civilised countries.

The State Socialism of the country has been the natural consequence of this feeling. It has meant changes in the laws and administration of the country that may without injustice be called revolutionary. A very superficial acquaintance with the laws of England should convince anybody, that for many hundreds of years the protection of property, and not the advancement of human well-being,—least of all the well-being of the great majority of the nation that possessed the smallest fragments of it—has been its chief object. The property of the small class that owned the land; afterwards the property of the somewhat larger class of merchants and artisans; finally that of the classes—known by the name of “middle classes,” upper and lower, who had by some means or other secured money,—the protection of the property of these monopolised the pages of England's statute books, as it monopolises

them still. The idea that men, and not money, were the all-important considerations for a nation's statutes; the conviction that the interests of the many, and not merely of the few, were the important subjects for the consideration of the nation's Parliament,—these constituted the groundwork of the novel legislation of New Zealand; and the attempt to give practical effect to these ideas and convictions was the basis of the policy of State Socialism as practised in New Zealand.

This, it may be frankly admitted, is revolutionary. It ignores old social traditions; it upsets old social arrangements. It declines to subscribe to the old conclusion of barbarism that the strongest—whether in brute force or in intellectual keenness,—is the best, and the most worthy of attention. It denies the existence of classes among the members of a community, except as the result of selfish conditions of long standing, that are really a disgrace to the nation that permits them to continue, and a drawback to its wealth as a community. It denies that any part—and most emphatically of all any small part—of a nation can have any sort of Divine Right to a monopoly of those things that make life worth living, and give to civilised life any real advantage over that which is savage.

The socialism that dreams of a great social convulsion, by which the poor may become suddenly rich, and the rich comparatively poor, has found no place in the social idealism of New Zealand, nor has it ever been advocated by any party in the country. The familiar argument of the extreme socialist, which condemns all

riches as the product of injustice and oppression, has called forth no enthusiasm in New Zealand, the people of the young Dominion being more interested in trying to remedy social evils than in discussing the causes that have led to them. The advance of general education has led them to see that great and sudden changes are always dangerous, and generally disastrous, and has taught them to believe that in the world of political and social conditions, as in that of nature, it is the plant of gradual and steady growth that lives longest, and proves most useful. Thus the legislation of New Zealand, while it has been unique, has avoided great and sudden changes. It has attempted no confiscation of the property of the rich, and no sudden enrichment of the poor. Its advocates have preached no social crusades against those who have either acquired or inherited wealth, but have contented themselves with the enactment, year after year, of laws intended, on the one hand to increase the wealth of the poor, by assisting them to better conditions, and on the other by discouraging the accumulation of riches in the hands of those who already have enough. It has recognised the right of every member of the community to at least the opportunity of obtaining well-being for himself and for those dependent on him; and it has emphasised the duty of the State to see that his rights in this respect are not interfered with by those who have capital. With this in view it has ignored the old doctrines of free-trade in labour, and insisted on a readjustment of the social and economic relations of capital and labour, by referring all questions of work and wages to the de-

cision of an independent Court, while denying to either party to such disputes the privilege of becoming judges in their own case, or of sacrificing the general interests of the community to the old belligerent instincts which men supposed to be civilised still share with the tiger and the gorilla, where their passions or their supposed interests are at stake.

To accomplish these things, it need hardly be said, it has been found necessary to do many things that have not been done in other countries, where the objects kept in view have been different. As long as property, and not human beings, and their well-being, were the main considerations in the eyes of legislators it was inevitable that class legislation must be the rule, and everything else the exception. As soon as the position was reversed the alteration in the whole field of law-making was necessarily so great as to appear, and to some extent actually to be, revolutionary. The change, so often and so freely made, against the policy of New Zealand has generally been that it amounted to a selfish policy of plunder, by which the workers of the nation, and those of the community, who, owing to the inferiority in energy or intelligence, either of themselves or their ancestors, had little or no property, proposed to share, if not to confiscate to their own use entirely the wealth laboriously accumulated by their betters. The prophecy almost invariably uttered by the critics of that policy has been, that it must and would lead, within a very short time to economic failure, and social disaster.

The instances that are generally brought forward in

support of the charge of unprincipled selfishness, embrace the policy dealing with the land of the country, by which large estates, held either by individuals or corporations, may be at any time taken from them, without the permission of the owners who bought and paid for them, and divided into comparatively small farms to be occupied by settlers who had little or no capital, but could get the land on lease at a rental of four per cent. on what the Government had paid for it. Even in the cases in which the land was not taken from its owners, it was said, the people who because they had capital were, as every reasonable person must admit, the real backbone of the country, were penalised by having heavy taxes imposed on them year after year on a sliding scale, growing heavier as their estates increased in size, till it became a serious question whether it was worth while to keep them at all.

The grievances of the persons and corporations whose capital had been embarked in business — either manufacturing or commercial — was more complicated, but equally serious. They too were heavily taxed on the amount of the income derived from their business, and, as if this was not enough, they were not allowed to employ labour at the rates they could have got it for if they had been left to manage their own affairs, but at rates fixed by a court — which, of course, in such a country must favour the workmen, — besides having the hours of work cut down to 44 in each week, with payment at the rate of time and half for every extra hour they worked. And, as if even this was not a sufficient handicap on capital, the people or Corporations that

had money to invest were practically prevented from getting decent interest for its use by Government interference. Seven or eight per cent. was little enough to charge on mortgage of farms, and ten or even twelve per cent. was surely not too much to get as rent for cottages for workmen, when the owners had to pay rates and taxes, and keep the places in repair; and yet the Government must step in, and offer to borrow the money, on the credit of the country, and lend it again to these people at four per cent. to enable them to build houses for themselves.

These are fair specimens of the criticisms and complaints levelled at the policy pursued in New Zealand for the last twenty years from the outside, by a class of people who were at first honestly contemptuous of the foolish theories that were leading the people of the young and inexperienced colony into these childish experiments, and who have lately grown uneasy as year after year went by, bringing no evidence of the catastrophe that was to convince everybody in England or America that the policy was not only foolish but impossible. At first they were echoed with equal emphasis, from within the colony itself, by the people who had money to invest in land for speculative purposes, in business for large profits, or in mortgages and dwelling houses returning heavy interest on the outlay. After doing what they could to stem the current of public opinion in vain in the country itself, this class of persons, which was, after all, a small one, compared with the mass of the electors, accepted the inevitable

for the time, with a shrug of the shoulders which intimated their conviction of inevitable disaster. In this way they entered their protest, and have since then been looking forward to the inevitable failure and reaction, with hardly concealed satisfaction. In the meantime, however, they have submitted, and the submission has become more and more easy, as time went on and the expected disasters have been delayed, till it is no unusual thing to find those who a few years ago had no good word to say for the policy, forced reluctantly to admit that by some wholly unexplainable process it appears still to have left the country prosperous and its people happy.

All this, it is true, does not get rid of the belief, so firmly held by the teachers and disciples of the so-called science of political economy, that any such policy must fail in the end, because it is contrary to their theories, which they call science. For a time, indeed, they will admit, it may appear to have some success, so far as to allow a small and isolated community to enjoy a kind of stagnant prosperity calculated to impose on the thoughtless. In a few years more, however, it is sure to become evident that the prosperity, stagnant as it was, was not a real thing; the people who have had everything done for them, which they should have been forced to do for themselves under the lash of a fierce competition, will have manifestly lost energy with the loss of the compelling force of necessity; the country will be seen to be evidently going backwards, and becoming poorer every year and the huge debt which it

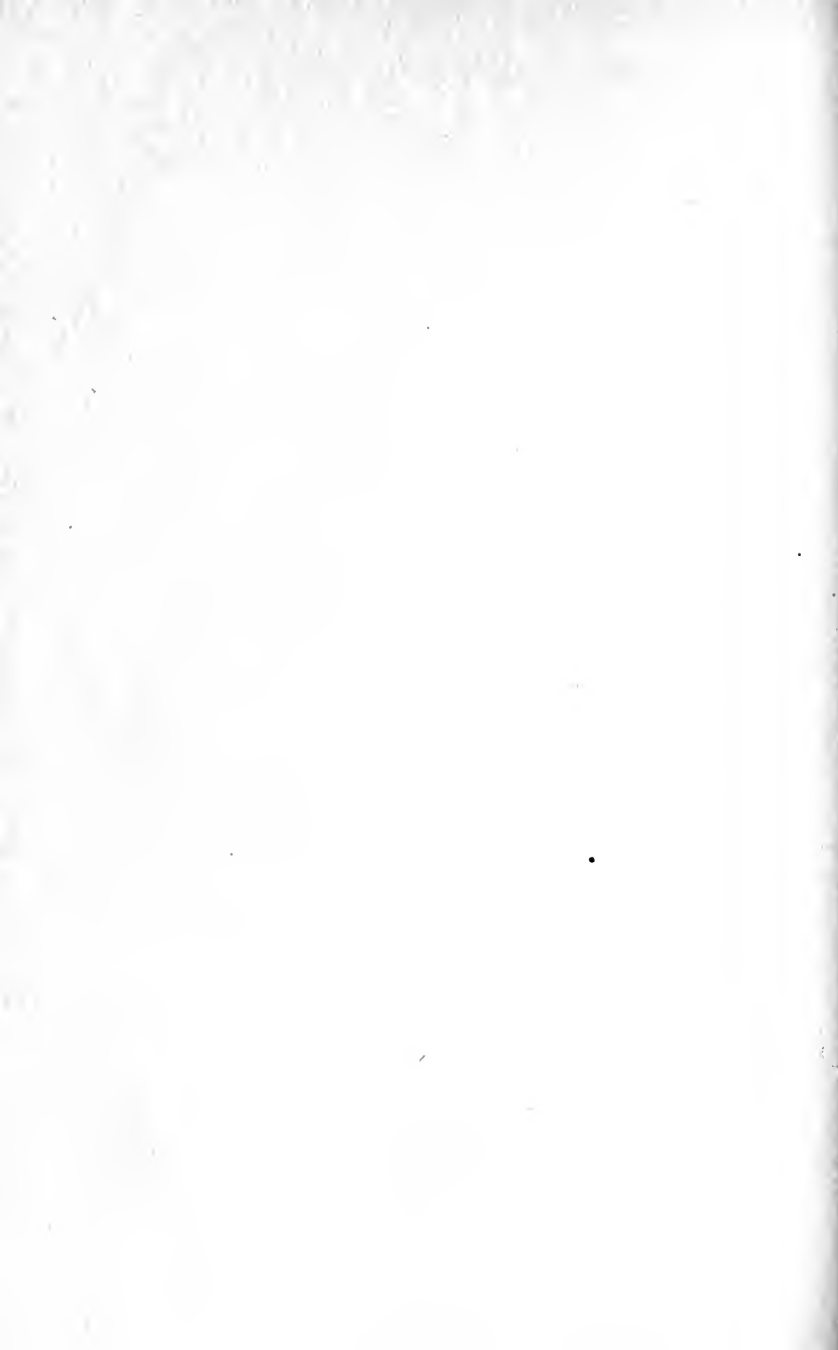
has been piling up for years to be spent in foolish and ignorant experiments will be felt as a crushing burden by its people.

As all real knowledge is the result of experience, and all human foresight can only be of value in so far as it is founded on what we know of the past, it would be a waste of time to argue on the outlook of New Zealand's State Socialism as an abstract theory of government. Fortunately we are not reduced to any such necessity, and there is something more instructive to offer those who are interested in the advancement of the well-being of humanity than the dogmatic statements of prejudiced opinion. Twenty, or even forty years, is not a long period, it is true, in the life of a nation, but they are nearly as long at any rate, as the fully developed life of the new science of political economy, which is so impatient of anything that seems to throw a doubt on its conclusions. And in the case of New Zealand we have a complete record of what has been done, and a full statement year by year, of its effect on the progress and prosperity of its people.

In the next part of this book it is proposed to trace the working of the various experiments already referred to, and to state, without exaggeration or misrepresentation, the facts, as recorded in the annual statistics of the country, leaving it to the unprejudiced readers of this book to draw from them their own conclusions as to the success or failure of the system adopted by New Zealand, and to consider whether it is not at least possible that it may form an object lesson of value to the rest of the world.

BOOK III

WHAT IT HAS MEANT TO NEW ZEALAND



CHAPTER I

NEW ZEALAND TWENTY YEARS AGO

THE first fifty years of New Zealand's history as a civilised community ended in 1891. The half century had been one of struggle for the first colonists of the new country, and the progress made had, for most part, been slow. The wars with the natives that ended finally in 1867 had left the little community burdened with a heavy debt; the policy of assisted immigration, and public works constructed by means of loans raised in England on the security of the public credit, had come to an end, and had been followed by ten years of slow progress, which held out little prospect of material improvement for many years to come. In some respects, it is true, the young colony could be pointed to as a success, but it was hardly what could be called a commercial success. Its people, like the early colonists of America two centuries before, had fought a stubborn fight against barbarism, and like them too they had won in the end, practically by their own exertions. They had emerged from the period of struggle a self-reliant people, frugal in their habits, simple in their tastes, and prepared to believe that they could manage their own affairs to the best advantage for themselves without external interference or help. England, with

a wise forbearance, which her rulers had probably learned from the experiences taught by the American revolution, had given them almost from the first a perfectly free hand to make their own laws, and manage their own affairs; and when the colonists had proved that whether in war or in peace they knew how to manage the natives, better than strangers — civil or military — could do, she had withdrawn her soldiers, and left native, as well as colonial affairs in their hands.

The people of New Zealand were in most respects more English than any other of Great Britain's modern colonies; the earliest colonists came entirely from England and Scotland, and to-day the proportion of the people who are of any other than British descent is very much less than in any other part of the empire. Except during the few years between 1872 and 1878, while the policy of assisted immigration was in force, and New Zealand had money to spend in helping settlers to come to the colony who could not have borne the expense of the long voyage for themselves and families, there has never been any wave of immigration into the country, and even in those six years the new population amounted to less than a hundred and twenty thousand persons, all of whom were selected either in Great Britain or Ireland. In the thirteen years between 1878 and 1891 the total increase of population by immigration amounted to no more than twenty-two thousand persons — about fifteen hundred in each year. The numbers were not uniform, of

course, as many as ten thousand having arrived in one of the earlier years of the period, and fourteen thousand having drifted away to Australia during the last four years in excess of the new arrivals.

It is hardly necessary to say that in the last few years before 1891 New Zealand was not a popular field for immigration. The population of the country, however, continued to increase steadily, in consequence of the high birth rate that prevailed, and the unusually small percentage of deaths, which then was and still is characteristic of the colony. At the end of the year 1890 there were fully 625,000 white inhabitants, and of these at least three-fourths had been born in the country itself, so that the people of New Zealand were undoubtedly by far the most homogeneous community of any offshoot of the British Islands. This population was for the most part settled on the land, and engaged in farming. There were at the time only four cities containing twenty thousand or more inhabitants, though there were a good many smaller towns, with a population of from one to five thousand inhabitants scattered over both islands. There were not, of course, many manufactures carried on, and what there were were conducted on a limited scale, though attempts had been made during the years of comparative stagnation to establish factories, mainly to utilise the timber and wool, both of which were produced in great variety and of remarkable quality. Ship-building and iron foundries had also been established—the comparatively low wages at which even skilled labour could be

obtained, and the exceptionally low cost of living, having encouraged some capitalists to make the attempt.

There are few countries in which the advantages of climate are equal to those enjoyed by the islands of New Zealand. When compared with a climate like that of Canada it is easy to understand its advantages, especially for workers whose employment calls for an out-of-doors life. A New Zealand worker can, without any hardship or risk to health, carry on his work in the open air on almost every day in the year — losing, it may be five or six wet days in the north, and eight or ten in the south island, and this may account at least to some extent, for the steady progress made by the colony during the first fifty years of its existence in spite of many drawbacks and discouragements.

The conditions of New Zealand in 1891 may be said to have been peculiar, and observers might be pardoned if they felt somewhat doubtful as to its future. The people as a whole were certainly not wealthy, though there was a small class in the country which promised to become rich owing to the rise in value of the land which they had purchased at two and a half dollars (ten shillings) per acre in large areas. Outside this small class — and in numbers it was a very small one compared with the rest of the population — it may fairly be said there was very little capital belonging to the colony itself. What capital there was available either for loans to settlers or for commercial enterprises came generally from abroad, and belonged either to financial companies or to English capitalists who had

friends in the country. On the other hand there were a great many of the settlers who had enough to live on in frugal comfort. There were about 42,000 farms in the country occupied by settlers, and most of the land was cultivated, either for crops or pasture. In the two islands there were nearly nine million acres of land cultivated in this way, making an average of about two hundred and fifteen acres to each farm, but it must be admitted that at the time a very large proportion of these were subject to mortgages carrying heavy interest.

Twenty years ago therefore, New Zealand was not a remarkably prosperous country, nor could its people lay any claim to consideration as a community of wealthy people; yet it was one that possessed many natural advantages, while most of its people lived in simple comfort.

Under the circumstances the prospects of the island colony could hardly be called bright. Its people had little to offer strangers that appeared likely to attract them to the country in any considerable numbers, and a good many of the younger and more adventurous of their own population seemed inclined to look elsewhere for a country on which to expend their energies. The cloud of financial depression which within the next year or two made itself so widely felt in both Europe and America, was already making itself felt in both Australia and New Zealand, and there were not wanting many who pointed to the heavy public indebtedness of the latter as a reason for anticipating something like national bankruptcy as the probable consequence of a

succession of bad years. There was, of course, no denying the fact of the heavy load of public debt, involving an annual liability of fully twenty dollars (nearly four pounds four shillings) on every individual in the community; and though the greater part of this was represented by railroads and other important public utilities, the fact that these things had been provided in advance of the actual needs of the people left a margin of liability that had to be met out of the general taxation of the colony. The leaders of public opinion in the country were fully alive to the dangers of the situation; the question was in what way the mistakes of their predecessors could be amended, so that the colony might become more attractive to the best class of settlers.

The policies that had from time to time been put forward by the various Cabinets that had managed the affairs of the country during the twenty years that preceded 1891 had without exception been framed to meet some urgent need of the moment. Some of them had fairly answered their purpose, others, like that of 1872, which proposed large public works and assisted immigration, had, after a good many years' experience proved itself largely a failure. None of them had taken a form that introduced anything like a continuous policy, involving a new principle of government. It would perhaps be an exaggeration to say that the policy definitely begun in or about 1891, to which in this book we have assigned the name of State Socialism, was begun with any clear idea that it differed from other policies or was more likely to exercise a

permanent influence on the legislation and social conditions of the country than those that had gone before it. As a matter of fact, however, it did so — each statute passed appearing to necessitate another statute; each step taken to compel the Community and its rulers to take another in the same direction.

The experience is so remarkable that it naturally compels an investigation of results. When the new policy was entered upon it was all but universally condemned by those who were looked on as authorities in such matters as rash to the verge of insanity. As it went on it has been criticised as ignorant and even childish in its disregard of accepted ideas and practices in older countries. It has, nevertheless, and strange to say, gone on for twenty years, satisfying its own people, and more and more attracting the attention of the people of other nations. The hostile criticisms of those learned in the doctrines of the political economists have not grown less emphatic, though perhaps they have lost a little of their tone of absolute superiority; the denunciations of those who believe in the divine right of capital to control modern civilisation and use it for its own aggrandisement have not become less fierce since it appeared that in one country at least the assumed privileges of capital could be so long refused without bringing about the catastrophe looked for with such confidence. It may even be said that their indignant protests, and angry denunciations have had the effect of giving a prominence to the young country they denounced, and awakening an interest in the experiments that were so unexpectedly slow

in bringing about the commercial ruin so long predicted. The question has naturally been asked with increasing interest, as one outrageous experiment followed another — each as it appeared more antagonistic to the reign of capital, each more opposed to the laws that had so long been supposed to be, in principle at least, like those of the ancient Medes and Persians in the one respect that they altered not — When is the farce going to end? When is the deception that has been kept up for so many years to be exposed?

The object with which this book is written being that of presenting facts and not impressions relating to New Zealand, the writer proposes in the following chapters to deal with the various features of the policy of State Socialism as developed in New Zealand, showing in each case on the authority of the Government statistics laid before Parliament, the position of the country and its people twenty years ago in relation to the matters dealt with for reform purposes, and their position at the end of the period. The objections most persistently made to the policy of New Zealand have not been based on a professed dislike to its objects. The well-being of a whole people, and the betterment of the conditions of that part of it, the conditions of which were least satisfactory, was an object that could hardly be criticised directly, indeed, and it is possible that this may have something to do with the fact that the weight of criticism has been laid on the alleged impracticability of any such attempt. A country in which the large accumulation of capital in a few hands is discouraged must, it has been argued generally, be

one in which the enterprise of the people will languish. A country in which so much is done, or attempted, for the class of the people who have not done it for themselves, must — so it has been said with apparent conviction, — be one in which the mass of the people will become less self-reliant — less willing, and after no long period less capable, of helping themselves. This would seem to be a practical issue, and it is with this that we propose to deal in the chapters that follow. In each case, therefore, it is proposed to present the conditions of New Zealand in 1891 in relation to one of the reforms referred to in the last Book, and to compare them, on the authority of the public statistics, with those existing in 1911. It may be said by those whose preconceived opinions are not justified by the results, that twenty years is not a long period in the life of a nation, and that further experience may reverse the verdict; it can hardly be without its uses, in any case, to learn, as a matter of fact and not of theory only, what the experience of twenty years has to say as to the possible solution of a problem of world-wide significance.

CHAPTER II

THE LAND AND THE LAND OWNERS

It is a curious fact that of all the colonies founded by England New Zealand was the one that was most of all intended by its original founders to reproduce the social and economic conditions of the mother country, and perhaps chiefly those that concerned the ownership of the land. Times had so far changed, indeed, and some ideals of fair-play had so far altered that the methods of the Norman Conquest in England, and those of the English settlement of America no longer seemed unquestionably correct, and acquisition by purchase instead of violence, was accepted as the best policy for securing possession of the country. So far, however, as the white settlers were concerned, that was the only material change that was contemplated by the great English Company that really began the settlement of the new colony. The land of New Zealand, indeed, was to be bought, and not taken from its native owners; and when it had been bought it was to be sold to a select class, representing the class of land owners in the mother country. Special efforts were made to interest the land owner, or gentry class of England, and to induce the younger sons of such people to take part in founding the new colony; and the attempt

was largely successful. Many members of such families took advantage of the opportunity of providing in this way for their younger sons, and a beginning of large land holdings was made before the Colonial Government took over the land claims of the original "New Zealand Company." The change of management, however, made but little difference at first in the creation of large estates. The price of land, it is true, was fixed at a uniform rate of two and a half dollars (ten shillings) per acre, and it was open to everybody who had the money to buy at that rate, which had the effect of putting an end to the dream of raising a population of tenant farmers in the colony; but as there was no limit to the extent of land purchases the practice of buying up large areas of land went on unchecked for a good many years.

Several attempts were made between 1878 and 1891 to discourage the holding of large freehold estates by individuals or companies, as these were always used for grazing purposes, and generally stood in the way of more profitable farming by settlers who were prepared to occupy and cultivate farms of reasonable size. The methods adopted at first were various forms of land taxation, increasing on a sliding scale in proportion to the extent of the holdings; it was found, however, after some years' trial, that the owners of the great estates could secure so large a return from grazing sheep on the natural grass, which covered the greater part of the south island, where most of the great estates lay, that the hoped-for effect of obliging the owners to sell was not produced. The attempt was very severely

criticised in England, as well as in the colony, by the representatives of capital, as both foolish and unfair; the principal objection taken to it in New Zealand itself, however, was that while it added to the revenue it did not answer its purpose of throwing open to real settlement large areas of the best and most accessible land of the country.

The practical failure of the policy of graduated taxation led to the adoption of the system which has been looked on as the first of New Zealand's actual experiments in State Socialism—the compulsory sale by the owners of large estates to the Government of all the freehold land held by them over and above such an amount as could reasonably be required for farming purposes by the owner surrounding his place of residence. Neither the people nor the Government of New Zealand were socialists in any of the more ordinary meanings of the term; they were, however, convinced that their country was one that was eminently fitted for close settlement, and equally so that the nation as a whole had the right to rectify any mistakes in the policy of the past, where it could be done without injustice in the present. The policy of compulsory land sales has been called confiscation by the friends of capital; the answer made by New Zealand has been that by buying land needed for the people at its present value they confiscated nothing, except the selfish expectation of accumulating riches in the future from the necessities of the public. Such a confiscation they maintained was both allowable and right.

Acting on this conviction they have taken large

estates from the owners by compulsory purchase whenever it became evident that there was a demand for the land by a sufficient number of suitable settlers, who were prepared to use it for residence and actual improvement in small areas, and on terms that would secure the community from any loss by the purchase. Up to this time nearly eight million pounds, or about thirty-eight million dollars, of public money, borrowed by the nation, has been spent on the purchase of such estates. They have also withdrawn large areas of land purchased by the Government from the native owners from absolute sale in freehold, and have offered it for lease to the public under a variety of conditions — such as perpetual lease, lease in perpetuity, lease for ninety-nine years, and lease for a shorter period with right of renewal to the holder on revaluation — but in all cases with the condition of residence and improvement, and the further condition that no single leaseholder should be a crown (or national) tenant in respect of more than 320 acres of the public land.

At the beginning of the year 1891 there were in New Zealand about forty thousand separate land holdings, used for what might be called farming purposes, and including anything from orchards and market gardens of five acres and upwards to large areas used for grazing purposes only, but containing more or less land that had been improved by sufficient cultivation to allow of the substitution of European grasses for the wild pastures native to the country. At that time there were about two million and a half acres occupied by small holders in farms of less than two hun-

dred acres in extent, and about thirty-three million acres occupied by persons holding areas of more than 320 acres each. In the year 1891 there were about sixty-nine thousand persons in the country who were actually engaged in agricultural work of some kind; and of these fully sixty thousand were at work either for themselves or others on the small farms, while nearly nine thousand were at work on the larger estates. In that year grain and other crops occupied about one million three hundred thousand acres — more than half the area of the smaller farms — while, with the exception of a little hay, no considerable quantity of any kind of crop was grown on the larger estates. The population of New Zealand in that year was about 630,000 persons of European origin, of whom more than half had been born in the country, and fully seventy per cent. of whom were of the male sex. No exact record of the ages of the people at that time exists, but it seems nearly certain that there were not more than a hundred and thirty-five to a hundred and forty thousand male persons of the full age of twenty-one years in the country. Practically one-half of the men of New Zealand were therefore at that time employed on the land, either as farmers or hired workers, and the total value of the agricultural produce of the country for the year was estimated at a little less than four million pounds sterling (about \$18,000,000). To this must be added the increase of stock of various kinds, particularly sheep, and the raw products in wool, hides, and tallow, the total value of which was more

than equal to all the crops of the year, and formed much the largest part of the exports of the country.

It may thus be said that at the beginning of 1891 half the workers of New Zealand were engaged in some kind of agricultural or pastoral work, with the result that the produce of the land in one form or other was worth about forty million dollars (£8,500,000), and the exports of produce of this kind from the country brought in a return of nearly six million dollars — (£5,800,000). The extent and value of the produce of the land was, it will be observed, considerable, and part of the criticisms levelled at New Zealand's new land policy took the form of jeers at the young community which, not content with a reasonable prosperity, must rush into new experiments in the vain hope of getting rich all at once.

Twenty years have passed. There has been no revolution in New Zealand during the period. The people of the country would, as a rule, be surprised if they were told that there had been any great or radical reforms. Nothing has been taken from anybody until it seemed to be urgently needed by the people; and when the land was taken, it has been paid for at its fair value, and those who received the payment have, strange as it may appear, almost invariably invested it in the country. The land which was thus bought back from its original purchasers had constituted a little more than two hundred estates of various sizes, making on the whole an area of nearly one and a half millions of acres. It had cost the country a little more

than thirty million dollars, and had been leased to resident farmers in sections of from a hundred and fifty to three hundred and twenty acres. These farmers — or selectors, as they are technically called — numbered at the end of 1910 rather more than 4,700, in number, and with their families numbered nearly seventeen thousand persons. The rents actually received from these leaseholders by the Government had been sufficient to pay the interest of the debt incurred by the public for the purchase of the land, with a sinking fund at the rate of one per cent. per annum on the debt, and to leave a balance to the credit of the account of fully a million dollars. So far, therefore, as the original purpose of the policy of compulsory repurchase of large estates is concerned it is clear that it has proved a success. Two hundred of such estates have been broken up into fragments. A population which certainly did not exceed, on the most liberal computation, one thousand persons of all ages and both sexes, has given place to one of nearly seventeen thousand persons, nearly five thousand of whom are farmers of the land in close settlement.

Under the terms of their leases the selectors were bound not only to live on but to improve the land leased by them. Up to the end of 1910 the improvements made by these tenants of the nation were valued by impartial assessors at fully eleven million dollars. It must be remembered, however, that the compulsory purchase of large estates was not the only experiment in land legislation made about this time by the Parliament of New Zealand. Large areas of the best lands

bought by the Government from the natives were withdrawn from the market as freehold lands, and were offered for selection by persons prepared to settle on them as leaseholders for long terms of years or under a perpetual tenure. The terms of such leases differed in some particulars so as to offer special attractions to different classes of intending settlers, but all were alike in providing for an annual rental equivalent to four per cent. on the present value of the land, with a revaluation after periods of twenty-one years; all demanded residence on the land leased, and all provided that improvements to a certain value in proportion to the area of the selection must be made within the first ten years of the tenancy. The extent of these was as in the case of the other leaseholds, strictly confined within an area not exceeding three hundred and twenty acres to each person. At the end of 1910 the total number of tenants of the national lands was more than twenty-six thousand — the holders of Pastoral leases on land still uncultivated and used only for grazing purposes not being included in the number — and the area of land held under these farming leases was a little more than six million acres in all. The sums payable in annual rentals on these twenty-six thousand leaseholds was nearly four hundred and ninety thousand pounds (about \$2,450,000) in each year.

The population of the country, which twenty years before had been about 634,000, had risen at the end of 1910 to as nearly as possible one million persons of European race, and of these fully 125,000 were employed on the country lands — an increase in twenty

years of nearly one-half, or more than sixty thousand persons. In 1890 the lands of New Zealand had been divided into about forty-one thousand farms; at the end of 1910 there were more than eighty thousand farms under cultivation in the country. It appears, therefore, that a second object kept in view by the originators of a general system of encouraging the occupation of the land under a leasehold tenure, returning an annual income to the nation, and enabling the nation to insist on such conditions as occupation, improvement, and close settlement on farms of moderate size, had also been realised — that, namely, of inducing a larger proportion of the entire population to live on the land and engage in agricultural pursuits.

It is, of course, open to argument that the doubling of the number of farms in a country does not necessarily increase the wealth of its people. It is quite possible to believe and to maintain that a country may be far more prosperous when its land is for the most part in the hands of a small body of capitalists, who have at their command ample capital with which to make the best of it. It may be pointed out that while large holdings of land were encouraged by the laws, and an enormous proportion of the best land was owned by a few people or companies, very great progress was made in the development of the pastoral industries — so much so, indeed, that in the previous twenty years between five and six million acres had been cultivated sufficiently to enable European grasses to be substituted for the coarse native pasture. It is unquestionably true that this had been done on a large scale by the

capital of a small class of the people, and that it had the effect of very greatly increasing the value of the country's exports; it had not, however, materially increased the wealth (or well-being) of the great majority of the people, as much — probably most — of it went to persons or companies in England. No country is rich, in any true sense, unless the masses of its people are rich in all that constitutes well-being, and it was this which the progress of New Zealand, as a happy hunting ground for the great pastoral holders, had failed to accomplish.

The new — or so-called anti-capitalist land policy — had been intended to provide for this, and in the twenty years it had been largely successful in doing so. The people had not only gone back to the land in a markedly increased proportion, during the period, but they had materially increased, not only their own wealth but that of the country by doing so. The purely pastoral areas of the country had not greatly increased during the twenty years, but even the pastoral produce of the country had greatly increased in value, while the general contribution made by the land to the wealth of the community had increased to a remarkable extent. In 1890 the value of the pastoral and agricultural produce of New Zealand amounted to as nearly as possible \$30,000,000 (£6,200,000). This was about forty-five dollars per head of the whole population. In 1910 the European population of New Zealand had increased to about a million persons of all ages, and in that year the value of the agricultural and pastoral produce of the country had increased to

more than \$74,000,000 (£14,900,000) in addition to all the food that was required for the consumption of the people themselves. That is to say, that while the people had increased in numbers one-third, the increase of production from the lands of the country had been so great that instead of forty-five dollars' worth of produce exported for every inhabitant there was actually seventy-four dollars' worth.

New Zealand then, under the old way of dealing with its land, by letting it fall into the hands of capitalists, had been productive to a moderate extent, though most of the profit had gone to the capitalists, and comparatively little to the great majority of the people: under the new and heretical system it had, as far as the productiveness of the land was concerned, become very much more successful, and a much larger proportion of the wealth had gone into the hands of the people generally. This may appear to be a bold claim to make, but even this is not the full extent of what may with justice be claimed as the result of twenty years of economic heresy as applied to the management of the land of a country. It is not only annual income from the land that has increased — the capital value has increased also. When the policy was adopted the people of New Zealand were threatened with the withdrawal of capital from the country, and the decay of the enterprise which had made it unusually successful in all respects in which success was possible for a country so young and so remote; twenty years have now elapsed and the capital embarked in agricultural and pastoral pursuits to-day is very much

greater than it was then, and now the increased capital belongs, for the most part, to the workers on the land.

In 1890 there were fully 820,000 cattle, 210,000 horses, and 300,000 pigs, as well as nearly 18,000,000 sheep in New Zealand; representing undoubtedly a large amount of capital invested in live stock. In 1910 the number of horses in the country had increased to upwards of 370,000, and the number of cattle to more than 1,800,000 — more than two for every one in the country twenty years before. There were fully 24,000,000 sheep instead of eighteen millions, and only the stock of pigs had fallen off in numbers: the pigs were fewer by nearly fifty thousand than they had been twenty years before. It would manifestly be difficult to estimate the precise increase of capital value of live stock during the twenty years, but as it is well known that great progress has been made during the period in the improvement of the quality of every kind of stock, except, perhaps pigs, it is safe to say that the capital represented by the farming and pastoral stock of New Zealand is very little less than twenty-five per cent. greater than it was twenty years ago; and very much the greater part of this increase is represented by horses and dairy cattle, the two classes of animals that are almost entirely confined to the farms that represent the system of closer settlement.

CHAPTER III

LAW-ABIDING INDUSTRY

THE wealth of a nation can only be reached in any true sense of the words by the co-operation of all parts of the community. This has been the conclusion of the people of New Zealand, and it is one that appears to be fully justified by considerations of common-sense, and not less by the test of experience. Even if wealth really meant only that which political economists have persuaded themselves to believe and to teach — the possession by a small class of a nation of riches, more or less in excess of reasonable requirements — this would be true. In any broader, and truer meaning of the term its truth becomes still more apparent and undeniable. Well-being — the well-being of a whole people at least — is only possible as the result of the co-operation of all classes of the nation.

In New Zealand, certainly as much as in any other country, the need of more just and fair conditions in the dealings between different sections of society, and especially between the employers and the employed, had been widely recognised more than twenty years ago. For many reasons, indeed, the varieties of industrial pursuits followed by the people were comparatively few, and for some years most of them had made

little or no perceptible growth. The industries connected with the land were, of course, the chief ones, and for the most part they were carried on mainly by individuals and their families, with but little help from hired labour. Under the circumstances, it must be admitted the problems of labour existed on a very small scale in New Zealand at the time when legislative action was first taken to deal with them, and this, it is needless to say, may have had much to do with the success which attended the experiments made.

The view taken of the question by the Parliament when it first came before it, however, was one which in principle was in no way affected by the number of trades practised in the country, or the number of workers employed. The question was, in fact, how could justice best be secured for workers and employers alike, with due regard to the well-being at the same time of the whole community? The view taken by the New Zealand Parliament was that only by the operation of some just law could fair-dealing be assured in cases where personal interests must at all times be keenly felt; and that only by the stern enforcement of such a law could society hope to escape the evils of what would practically become a species of civil war. It was decided to introduce a system that might gradually commend itself for general acceptance, and when it was accepted, to enforce its provisions as rigidly as those of any other law on the statute book of the country. The law took the form of the Arbitration statute of New Zealand; and like all other laws its success has depended on the co-operation of the people.

When the experiment — for in its very form it was frankly experimental — was first made in 1894 it was subject to many objections by critics — it was condemned as impracticable on the ground that neither workers nor employers would accept it, which was the preliminary step to its operation; it was condemned also on the further ground that its operation would of necessity be to ruin what little trade there was already in the country, and to cause the speedy withdrawal from New Zealand of all the capital that had been embarked in organised industry. This opinion was so universally entertained, and so freely expressed both in England and Australia that it was a matter of almost universal astonishment when it was found, after a year or two, that the new law was being accepted in the country of its origin, by the workers at any rate, as something that might prove a real advantage to them. The first ground of condemnation having thus proved itself mistaken it was only natural that the second should be paraded as deserved beyond question. Capital, it was said, would quickly be withdrawn, and industrial occupations of any skilled and important character were on the eve of departure from the country. Had these anticipations proved correct it would have been a serious thing for New Zealand; fortunately they have proved to be as entirely mistaken as the other pessimistic forebodings relating to the land legislation of the country.

New Zealand, of course, had never been a country in which much manufacturing was carried on. For a good many years after colonisation was begun there

was practically nothing of the kind, except what could be done in a carpenter's shop or at a blacksmith's forge. Of course a few other industries soon grew up on a very small scale, but for the first thirty years of the colony's existence it could hardly be said that anything like a mill or a factory of any kind had been established. With the wave of new immigration that set in about 1872 a certain amount of attention was drawn to the country, and capitalists began to inquire whether the young colony might not offer a field for some few special industries of an organised kind that might make a good return. The consequence was that after a time companies established woollen mills, clothing and shoe-making factories, iron foundries, tanneries, grain mills, and biscuit factories, as well as others of less importance. There were more than 25,000 workmen employed in these factories in the colony in 1890, and these with their families, probably represented a fifth part of the whole population. By the census of 1891 it appeared that the wages paid to these workers in the previous year had amounted to rather more than five million dollars (£1,160,000), or about two hundred dollars (£40) on an average to each worker.

The threat so generally made when the Labour legislation of New Zealand was begun was serious enough to cause a good deal of uneasiness. Five million dollars in wages does not perhaps seem a great deal, but to a country as young as the colony then was it was of great importance apart from the prospects of increase in which the colonists had indulged. The steady, almost dogged temper of the race, however,

prevented the people, or their representatives from hesitating, and as events have proved they were right in doing so. The capital embarked in manufacturing industries was not withdrawn from the country. For a year or two, indeed, it seemed to hesitate, and did not greatly increase; after that it appeared to regain a confidence greater than before, which in the last fifteen years has suffered no relapse.

In 1890 there were nearly 1,300 factories, mills, and work places for associated labour in manufacturing goods in New Zealand, and in these there had been invested, for land, buildings, and machinery, nearly a million and a quarter pounds sterling — (\$6,000,000). At the end of twenty years of labour legislation — including shorter hours, fewer days of work, higher wages, and greater privileges to the workers than were to be had in any other country in the world — the capital invested in the land, buildings, and machinery of mills, factories, and other industrial works had increased to upwards of eighty-five million dollars — (£17,500,000). In other words, the confidence of capital in the stability of the industry of the country had so far increased that there was as nearly as possible three times as much capital invested in factories as there had been twenty years before, when the relations of workers and employers were the same in New Zealand as in such other countries as America and Great Britain.

In 1890 the number of hands employed in manufacturing establishments was fully twenty-five thousand men, and two thousand five hundred women working

in about one thousand three hundred mills and factories, and receiving as wages about five and a half million dollars in the year. In 1910 the number of hands employed amounted to nearly seventy thousand—an increase of forty thousand persons employed. The wages paid in that year to these workers amounted to a sum of fully twenty-six million dollars— (£5,450,000). In the meantime the number of factories had increased to upwards of five thousand. It is probable, however, that this apparently great increase in number is by no means so large as it appears, owing to the fact that the law has declared that with a view to inspection and control, all industrial establishments employing more than three persons as workers shall be treated as factories throughout the Dominion. In spite of this, however, there appears to be no doubt that the number of factories—places set apart for manufacturing labour operated by paid employés—has increased more than threefold during the last twenty years.

It is to be borne in mind that during this period of twenty years the population of the country has increased almost exactly one-third. The point of real importance is to observe that while the population has advanced in numbers one-third, the number of industrial establishments for the manufacture of goods has increased threefold, and the number of workers has been considerably more than doubled within a period of only twenty years, under conditions that were supposed to be, and no doubt were, from the point of view of the orthodox believers in the doctrines of the popu-

lar school of political economists of to-day, utterly inconsistent with success and progress. There should have been the rapid withdrawal of capital from the country, and especially from the country's industries, during the period; there has been instead a steady and even rapid increase in the capital invested in the country and its industries. There was to have been a decay, if not a total stagnation in the enterprise of the people; instead of which they have apparently been striking out year after year into new lines of industry, and an increasing proportion of the people have been devoting their energies to hitherto untried employments calling for enterprise and skill.

All this, it is also important to notice, has been accomplished without involving any change that has imperilled the well-being of the people. In other countries, when manufactures increased the change has, it is not too much to say invariably, been accompanied, or at least quickly followed, by lower wages, longer hours of labour, and worse conditions both of working and living for the mass of the workers. In New Zealand this has not been the case. There, on the contrary, wages in every branch of industry have been steadily increased, till the average is now very nearly double what it was twenty years ago; the hours, and even the days, of labour in the country have been decreased by law — a law which is sternly enforced, so that a breach is hardly ever reported; and the conditions of the workers, both during work hours and at other times, have been steadily and remarkably improved. There is absolutely no infant labour in any

factory in New Zealand; there are no male workers in any workshop or factory less than sixteen years of age, and no female worker less than eighteen years old. In this way the nation has provided for the health and physical well-being of its younger generation; and strangely enough in doing so it does not appear to have diminished the productive power of the community.

It is important to observe that during these twenty years the industries—especially those involving the employment of a number of hands concentrated in one place—had been regulated by law to a degree that was quite unknown in any other part of the world. The hours and days of labour were prescribed by the law, and could not be exceeded, even by mutual consent, except to a very limited extent, and then only on the condition of greatly increased wages. The ages at which persons could be employed in such places, and the conditions under which they could be allowed to work, were definitely fixed, and constant inspection was provided to enforce the law. Parents could not send their sons and daughters into mills and factories under the prescribed age for the sake of making money, without punishment; employers of labour could not employ workers under the statutory age, except at a risk too great to make it worth while. Employers of labour could not dismiss those whom they had employed without good cause, such as would convince a Magistrate in open court of the justice of the dismissal; and under no circumstances could they close their doors and shut out their workmen because of any difference between them as to any matter connected with their

employment. On the other hand, the workers could not leave off work in a body on account of any difference between them and their employers, with a view to compelling them to agree to their terms. In all such cases the law was definite, and the law insisted on being regarded as supreme. Conciliators had been provided to bring about agreements between employers and employés, and in case of their failure a Court had been provided before which the question could be speedily tried, and absolutely settled. In every case the law of the land, and not the interests of the employers, any more than those of the workers, were appealed to, because the law was framed not only to do justice between the parties themselves, but to protect the great majority of the nation, who had no interest in the matter except to see fair-play between the parties, but every interest in seeing that nothing like industrial war arose in the country to interfere with the well-being of the people at large.

Whatever success New Zealand has had during the last twenty years she has had under these conditions. The impossibility of such success had been confidently predicted, but so far as the steady increase of manufacturing enterprise is concerned, the prediction, as we have already seen, has been entirely falsified. No country in all the world has made so great an advance in its manufacturing development in proportion either to its population, or to the extent of its previous development, during that period. Her organised industries have increased in number during the twenty years by fully three hundred per cent.; the capital invested in

them has increased by a still greater amount; the number of workers employed by nearly two hundred and fifty per cent., and the wages paid to the workers by nearly two hundred per cent. It can hardly be questioned that these figures indicate a very extraordinary progress within so short a time. It may be asked, however, what the commercial results of this apparent energy have been. It may be suggested that all this development may be more apparent than real, and that this employment of an army of idle workers, who work short hours and few days, and yet receive better wages than men and women in other countries are paid for full time and hard work, must in the very nature of things be artificial, and must shortly prove itself a failure.

The concentrated experience of our ancestors on such questions has been expressed in proverbial form in the saying that "the proof of the pudding lies in the eating," and it is only fair to produce this proof in reply to such a challenge as that suggested. In the year 1891 the value of the materials used in the manufacture of goods was never exactly obtained, as manufacturers were not asked to make such a return; in that year, however, the value in the market of the goods manufactured in the previous year was returned at a sum of £9,422,000 (46,000,000). In that year the value of manufactured goods in excess of the consumption of the people of the colony itself was about £550,000 (or \$2,700,000). In the year 1910 the value of the materials used in manufactures was about eighty million dollars — (£16,300,000) — while the

value of the manufactured products in the market was considerably in excess of a hundred and fifty million dollars — (£31,000,000). A very large proportion of the industries of the country were, as might have been expected, closely connected with the immediate needs of the people themselves, but a few, and these the most important in the number of hands employed, and the actual value of the products in the market, were mainly connected with the goods exported from the country. Taking the proportion of value in the materials used to the final products of manufacturing industry to have been practically the same in 1891 and 1910, however, it would appear that the increase in the value attaching to the manufacturing energies of the country amounted to about three hundred and fifty per cent.—an increase which, it is needless to say, has been approached by no other country within the period.

Higher wages, regulated by a Court of arbitration, proceeding on the basis of evidence produced publicly, and therefore open to public criticism, has not, as a matter of fact, caused the withdrawal of capital from old industries, or the paralysis of enterprise in establishing new ones. Shorter hours of labour, and more leisure time for the workers, have not apparently curtailed the amount of work done by them, as it has certainly not reduced the value of the work done per head by the workers employed. The protection of the young from the evil effects of being shut up too early in mills and factories, and the constant and vigilant inspection of such places for the benefit of the actual workers, has not, it would seem, interfered either with

the establishment and extension of mills, factories, or workshops, or with the profits that can legitimately be obtained from them. Such, at any rate, would seem to be the verdict of New Zealand's twenty years' experience, and it is a verdict which, in the face of the practices and theories of other countries, certainly demands an explanation. It is easy, of course, to say that it cannot last; the question to be answered by those who are so sure of this is, in the first place — Why has it lasted so long; and if so, why should it come to an end?

CHAPTER IV

THE OWNERSHIP OF PUBLIC UTILITIES

THE system of State Socialism, which practically exists in New Zealand, involves the control of many things that are not as yet subject to control, or even interference, by Governments in other civilised countries. Of these, and of the apparent results of such control as has been exercised in New Zealand during the last twenty years, we shall have occasion to say something in the next chapter: there are, however, several important Public Utilities that have been established and operated in that country for a good many years, the control of which has become more or less familiar in some European countries, though as yet it has not been attempted in America. These Public Utilities may be classed under the general head of Communication, and include railroads, telegraphs, and telephone services, and the extended service of the Post Office as a means of carrying lighter classes of goods by mail. Three at least of the four have been adopted, and are to-day in more or less complete operation in several European countries, though no European nation has as yet adopted them all. In New Zealand, however, they have all been in operation for a good many years: long enough to enable an intelli-

gent opinion to be arrived at as to how far their public operation on behalf of the people, under the management of the people's Government, has been a success.

The oldest of these Utilities, and the one that has been most widely brought under Government control in the countries of Europe, has been the railroads, and it must be admitted that the impressions of travellers in various European countries in which the railroads are controlled by Government officials has not generally been very favourable, as compared with their experiences in America or England, where private enterprise has been allowed, until lately, at any rate, an almost free hand. In the case of most of the countries of Europe in which the railroads have been subject to Government control there is much that is unfamiliar to the ideas of either Americans or Englishmen as to what constitutes freedom of action, and it may be added few, if any of them, appear to have the same natural aptitude for the management or operation of railroads as successfully as people of our own race.

It was not till the year 1876 that the Government of New Zealand, as a whole, became the controlling power in railroad building and management. Before that time the Provinces (practically States) had in one or two cases made a beginning of railroad construction, but the lines were in each case short, and of no great importance. When the Colonial Government and Parliament succeeded to the task it was with a definite policy of borrowing large sums of money, and undertaking an extension of the railroads to open up the country for settlement. The new policy was probably

somewhat in advance of the needs, as well as of the means of the country at the time; and as a consequence the revenue from the traffic was not sufficient to pay the interest on the loans as well as the working expenses of the lines. Possibly an increase of the rates for passenger and goods traffic might have equalised matters, but it was considered better to make up the deficiency in other ways rather than to impose burdens on the settlers that might interfere with their success, and was almost certain to discourage settlement on the land.

One of the most generally accepted theories advanced by those who oppose the idea of the successful ownership of the railroads of a country by the Government is the idea that under a system of State construction and public ownership the work would necessarily progress slowly, and the needs of a large part of the population would be far less rapidly provided for than under a system of private enterprise. How far this may be true in some countries it would perhaps be difficult to say, but this has certainly not been the case in New Zealand. The area of New Zealand, it will be remembered, is as nearly as possible two-thirds that of the State of California, while the whole number of its people is at the present time considerably less than one million and sixty thousand persons, including in the number the Maoris, or native inhabitants of the country. There are now constructed, and in full operation more than two thousand, eight hundred miles of railroads owned by the people of New Zealand, and operated by the Government on their be-

half. These railroads, with the exception of two short lines, built by private enterprise, and subsequently acquired by the State, have all been built by the Government, and for a good many years the engines and other rolling stock used has been constructed in the railway workshops of the country. About a thousand miles of these railroads have been built during the last twenty years, and there is now a main trunk line running through the greater part of both the islands of which the country consists, with a number of branch lines connecting the Trunk lines with the various ports. The total expenditure on building and equipping these lines has been as nearly as possible a hundred and forty-eight million dollars, which includes about eight million dollars paid for the two short lines purchased by the Government a few years ago. The cost of the railroads, including land compensation, and equipment of all kinds, has varied at different periods during the thirty-five years, owing to the difference in the price of labour and materials, as well as the varying character of the country through which they were built; on the whole, however, the capital invested by the country has amounted to as nearly as possible \$52,850 (£10,750) a mile.

When it is remembered that for many years of the earlier railroad construction not only the skilled labour required, but practically every rail, car, and engine used, had to come from the opposite side of the world it will be apparent that the people of New Zealand were not seriously overcharged for what they have got; and her people have at least the satisfaction of knowing

that they have not been imposed on by a system of over-capitalisation. As an answer to those who claim that a Government can never compete with private enterprise in keeping up with the needs of a nation — especially in a young country, not yet fully occupied — in the primary Utility of transport, the experience of New Zealand would seem to be conclusive. In that very young, and very remote country the needs of the people, scattered thinly over two islands that are naturally by no means easy of access from the harbours, have been supplied with facilities of railway transport for themselves and their produce to an extent that is greater per head of the population than those of any other country in the world. The statement may appear startling and almost incredible to Americans, who have been accustomed to hear that the enterprise of their own railway kings and others has enabled their country to leave all others behind in this, as well as in many other respects; but it is none the less true. And while this is literally true in the case of America, it is, of course, vastly more true of every country of Europe. The civilised world agrees that American capitalists have far exceeded in this respect the enterprise shown by older countries. It is hardly possible in the face of these facts to doubt that the enterprise of a united people — even a small one — may exceed even that shown by the great railroad promoters of America.

To such a claim as this there may be found one answer at least. If it is true that the people of New Zealand have been reckless enough to borrow vast sums of money for the purpose of building railroads that must

be in excess of their real needs; and if they have found people in England foolish enough to lend it them for purposes that could not possibly pay a decent return on the investment, that is no proof of the success of the system which allows Governments to interfere with matters they evidently don't understand. It may be true that the people and Government of New Zealand have shown themselves clever enough and honest enough to get fair work done for the money invested in their railroads — though it seems almost too good to be true — but now that they have got them it would puzzle cleverer people than they can very well be to make it pay. Such, we can well believe, would be the answer, and the perfectly honest answer, of every American railroad expert on reading the statement made above as to the extent of the railroad facilities provided in New Zealand under Government control.

It should be interesting to learn that experience, in this, as in other matters, has absolutely contradicted the anticipations of the men who argue on the lines of business economics as taught in colleges and practised in Wall street. The New Zealand railroads have been a great, and are to-day an increasing success. It is true they offer no field for speculation. It is true there is no room for the operations of either bulls or bears in relation to the hundred and forty-eight million dollars they represent, which may therefore be looked on as so much dead money, from the Wall street point of view. On the other hand the people of New Zealand have been growing wealthy on the results of the national speculation. They have been able to settle on good lands that

would, but for these railroads, have been inaccessible, and to send their produce to markets at reasonable cost that but for the public ownership of the lines would have been impossible. They have travelled, and their goods have travelled over the publicly owned railroads at rates lower — in most cases very much lower, — than those which the railroad authorities of America, or of England are ready to denounce as ruinous.

These facts supply the answer to the second objection generally made to the idea of Government ownership of Public Utilities, that in the hands of Government officers they would be far more costly to the public than they are in the hands of private companies, and would not, besides, give as good a service. Once more let us turn to the record of experience, as the only ultimate and reliable court of appeal from the self-satisfied conclusions of theorists. Twenty years ago, as has been mentioned before, the railroads of New Zealand covered a mileage of about eighteen hundred miles. In the year 1891 the trains ran altogether, — including both passenger and freight trains — nearly two million nine hundred thousand miles over the various lines. They carried fully three million five hundred thousand passengers, and in addition about one million six hundred thousand tons of produce, as well as one million three hundred and fifty-eight thousand head of stock, including horses, cattle, sheep and pigs, to the markets and ports of the colony. The earnings of the lines of railway in that year were very nearly \$5,500,000 while the total expenditure for wages, and for keeping the lines and equipment in good repair, amounted to close upon

\$3,400,000 (seven hundred thousand pounds sterling). This left, as the margin of earnings over and above the cost of operating the lines, a sum of but little over \$2,000,000 (four hundred and ten thousand pounds sterling), as the net revenue available for payment of interest on the capital invested.

Twenty years later, while the population of the country had increased almost exactly one-third, the mileage of the people's railroads had increased by as nearly as possible a thousand miles — that is to say by considerably more than a third in length. The extension of the lines had, it will be observed, been made from year to year, and the capital invested, as in the case of the earlier works, had been borrowed on the public credit in the English money market. The average cost of construction had not greatly altered, for though much more of the material was produced, and much more of the work was done in the country than had formerly been the case, the higher rates of wages that prevailed fully made up for this, so that the cost of the whole system of the country's railroads had up to that time been nearly a hundred and fifty million dollars (about thirty million pounds sterling.) This included both construction and equipment, and involved an annual payment in interest of nearly four million five hundred thousand dollars — (about nine hundred and twenty thousand pounds sterling). The train mileage had however increased, so that in the last year of the twenty, instead of running nearly two million miles over the lines, trains had run more than eight million miles, or more than three times as many

miles as they did twenty years before. Instead of three and a half millions of passengers, they now carried fully twelve and a half millions in a year: instead of one million six hundred thousand tons of freight, more than four million six hundred thousand tons were carried; and instead of one million three hundred and fifty-eight thousand head of live stock more than five million, seven hundred thousand head were carried over the various lines.

In the meantime the rates either for passengers or freight were not materially altered, and certainly not increased on the whole. For passengers the uniform fare was one penny — less, that is, than two cents — per mile, and though it is impossible here to give the freight rates in detail, owing to the variety of goods carried for which different charges are made, it may be stated generally that the freight rates per mile are less on the New Zealand lines than on those of America. The passenger fares, which in 1891 had amounted on the whole to \$1,700,000 — (about three hundred and fifty-four thousand pounds), — had increased to more than \$6,000,000 — (one million two hundred and fifty thousand pounds); — the revenue from goods and live stock carried, which twenty years before had amounted to barely three and a half million dollars — (seven hundred and twenty-eight thousand pounds), — amounted last year to considerably over ten million dollars — (about two million, two hundred thousand pounds). This, it will be observed, means an increase of about two hundred per cent. in the revenue derived from the people's railroads in twenty years. In 1891 the reve-

nue, as previously stated, had left, after payment of all expenses of operation and upkeep, a margin of about two and nine-tenths per cent. on the capital invested, on which fully three and a half per cent. was due: in 1910 it left, after payment of all expenses of operation, a margin of three and three-quarters per cent. on the greatly increased amount of capital invested — an amount more than sufficient to cover the amount of the interest payable on the hundred and fifty million dollars borrowed for the construction of their national railroads.

Thus the experience of New Zealand in railway construction and operation in the last twenty years — the period in which the policy of State Socialism may be said to have been on its trial in that country — may fairly be summed up in this way: — It has proved that railroads can be built, equipped, and operated, as honestly and as cheaply by an honest Government as they can by a company of capitalists. It has shown besides, that they can be constructed under conditions that would appeal to no railroad promoters, but which may very greatly improve the conditions of a people, and so greatly increase the wealth of a nation. It has shown finally, that as it can be no advantage to a people to make profits at its own expense, and as a nation can always borrow money at a rate much lower than a private company, the services rendered by a real railroad of the people to the people, can always be provided at a lower rate than private capital could offer.

The experience of New Zealand in the installation and working of a telegraph service has now extended

over a good many years, and it may be said to be conclusive on two points at least, that concern the question of the advantage of this great modern utility for a people being placed in Government, rather than in private hands. It is claimed that American corporations have shown great enterprise in the installation of electrical services throughout the country: it may be claimed with perfect confidence that Government ownership in New Zealand has resulted in a larger provision being made for the needs of the people, whether the comparison is made on the basis of population, or of the area of the country supplied. It is claimed that the telegraph services rendered by the great American corporations are good and reliable: it is not less true that the New Zealand telegraph services are prompt and efficient, while it is true in New Zealand that secrecy can always be relied upon, as the disclosure of the contents of a message renders the operators liable to punishment for a felony. In addition it may be said that Government ownership in New Zealand has resulted in securing to the people the use of the telegraph at so cheap a rate that this particular utility is made use of by the people to an extent that very far exceeds that of any other country in the world.

Twenty years ago the telegraph services of New Zealand were provided for by the installation of about five thousand miles of lines, which gave what was then considered a fairly sufficient service for the needs of two-thirds of a million inhabitants. Since that time under a system of extended State Socialism, the telegraphic conveniences of the people have been greatly extended,

and the cost of sending messages has been correspondingly diminished. There are now nearly 11,500 miles of lines through the country, extending to every country district in which there is need of a post office. These lines carry fully thirty-six thousand miles of wires, over which there were sent during the year nearly nine million messages to supply the requirements of a little more than a single million of people. The cause, it need hardly be said, of the extraordinary use made of the telegraph by the people of New Zealand is that it is cheap as well as good. There is no difficulty even at the rates charged, which enables a message of twelve words to be sent a thousand miles for less than twelve cents — (sixpence) — in obtaining from the service a revenue sufficient to pay the cost of operation and upkeep, as well as interest on the money originally invested in the installation of the line. This, it may be noted, illustrates once more the great saving to the Community at large secured by placing this very important utility in the hands of the Government instead of those of a corporation. The cost of installation is, of course, reduced by the amount of the difference between the interest paid by a nation on its loans and a corporation on its capital — even where that capital is not apparently increased by watering the stock. The cost of operation is almost equally reduced by the fact that a Government has already post offices at every centre of population, and has therefore no need for separate offices, or separate operators, except at large centres, where there is likely to be a great amount of business done. At these smaller centres each post office naturally becomes also a

telegraph office, and each postmaster or mistress is required to be a competent telegraph operator. It is now a good many years since New Zealand established an ocean cable service between New Zealand and Australia, by means of which cable messages can be sent to any of the Australian States at the rate of ten cents per word.

The establishment of public telephone services is, of course, more recent than that of the telegraph in New Zealand, as elsewhere, but even in the comparatively few years of its existence it has made progress to an extent not exceeded by any other community in proportion to its population, while it is far in advance of most. In the year 1910 there were thirty-three telephone centres in the country, and a hundred and twenty-five sub-exchanges, while the number of private connections in the country in that year considerably exceeded thirty thousand, and were apparently increasing at the rate of fully three thousand in each year. The expense of these private telephone connections is a little less than \$15 per annum. At this rate the service is fully self-supporting, the revenue derived from it last year being fully \$700,000 — (about a hundred and forty-six thousand pounds) and leaving a margin, after providing all expenses of operation, upkeep, and interest on the capital invested.

CHAPTER V

OWNERSHIP OF MINOR UTILITIES

THE legitimate meaning of the new term Public Utilities has not yet been defined by any authority, but it may fairly be understood as meaning anything that has been found by experience generally necessary or greatly conducive to the well-being of the great majority of a people. We have dealt in the last chapter with the Utilities of communication within a country, for goods or passengers, or for business or private intelligence, which are so clearly utilities affecting the physical and material well-being of a large proportion of the citizens of a modern and civilised nation that it is difficult to imagine any serious objection being made to the use of the term Public Utilities in their case. It is true that even fifty years ago no one of the three would probably have been recognised as coming within the definition, and it is equally true that within the next half century many other things, not thought of at present, will of necessity be added to the list of public utilities. There are, indeed, even to-day, not a few things so far necessary or conducive to a people's well-being that they may fairly lay claim to recognition as entitled to take rank as coming within the class of Minor Public Utilities. It is with some of these, that have already

been for some years dealt with in New Zealand as belonging to the class of Utilities, that it is proposed to deal in the present chapter.

Much has been said and written, by those who more or less distinctly advocated the continuance of the conditions of extreme riches and poverty that have so long existed, as to the reckless improvidence of the poorer members of the labouring classes. From their point of view it would seem all but hopeless to devise any plan by which this almost constitutional tendency to extravagance in the present, and total improvidence for the future can be cured — a conclusion which, perhaps naturally, leads them to cast the responsibility on Providence, and accept the social conditions of contrasted riches and poverty as quite inevitable, if not even desirable. To those, however, who take a somewhat more hopeful, and less prejudiced view of society, it has occurred that the unquestionable fact that very much the larger part of every civilised nation at the present time has too little of everything that constitutes even the most moderate degree of well-being, goes far to account for and excuse any want of provident care for the future. Before condemning the improvidence of a class of persons thus situated it seems to them only fair as well as reasonable to make an effort to place these people in a position in which they may have something to save, and to provide opportunities for saving any surplus they may have that are at once convenient and attractive.

It was in the hope of doing something of this kind for the workers of New Zealand that the Legislature of the

country originally adopted the idea of establishing Savings Banks in connection with the Post Office Department of the Government. The idea is one that is now happily familiar to the public both of America and England, as it has been more or less extensively adopted in both countries during the last few years, but it may be none the less interesting to refer to it here, in dealing with the country of its origin, in which it has had a longer trial, to show the effect which it has apparently produced, and some of the conclusions that may be drawn from it.

It was in the year 1867 that the Government of New Zealand was first authorised to add a Savings Bank department to the ordinary business of the Post Office. From the first the new experiment became a success. The old Savings Banks were not apparently much affected by it, as the number of depositors and the amount of their deposits continued to increase steadily year after year, but the remarkable result was shown in the use that was made of the new facilities given them by the people in the country districts and small townships. Between 1867 and 1891 — a period of twenty-four years — the number of depositors in the Post Office Savings Banks of the young country increased from the starting point to a total of fully 135,000 depositors, while the amount of money deposited in the last year of the period, and remaining to the credit of the depositors at the end of that year, had reached the large sum of fully \$17,500,000 — (£3,580,000), an average of a hundred and thirty dollars at the credit of each account. The number of the population of European

origin in the country at that time, it must be remembered, was only six hundred and thirty-four thousand, so that the result of the supply of this public utility to the people by the Government had been that already, at the end of the first twenty-four years' experience, there was a Savings Bank account for every fifth person in the community.

The results of the last twenty years' experience — the years of State Socialism — have been still more remarkable, and may serve to show not only the extraordinary increase of the prosperity of the people during that time, under the new and heretical system of social economics, but also the assistance by the supply of facilities for personal providence given by the Government interference in the business of banking. At the end of the twenty years the numbers of the people had increased almost exactly one-third, but the number of Savings Bank deposit accounts had increased very nearly two hundred per cent. In 1891, 135,000 people had accounts with money to their credit; in 1911 very nearly 400,000 Savings Bank accounts stood to the credit of depositors. In 1891 the total amount at the credit of depositors was \$17,500,000 — (£3,580,000): twenty years later the balance standing at the credit of the four hundred thousand accounts amounted to very nearly \$72,000,000 — (rather more than fourteen millions sterling). Thus it becomes evident that while the advantage taken by the people of New Zealand of the facilities given them for making and safely depositing their savings in the twenty-four years ending with 1891 had been that every fifth person had a Savings Bank ac-

count with money to his or her credit, in twenty years more there was an account for every two and a half persons.

From what has been said it may readily be gathered that during the last twenty years the readiness of the people to help themselves has not been in any degree lessened by the assistance offered by the novel legislation of the country. The history of the Savings Bank experience of New Zealand alone is sufficient to prove two things beyond reasonable question. It proves first that the supply of facilities for national providence, such as only a people's Government can provide for the mass of a people will be taken advantage of to an extraordinary extent by that part of the population that has been credited with absolute carelessness and indifference in such matters. It shows also in a very startling light the fact that in one country, at least, the heretical principles of State Socialism have been applied during the last twenty years with a degree of success in producing general prosperity and well-being among the people wholly unparalleled in any other community in the world. In the case of New Zealand the increase of Banking accounts does not mean the increase of the prosperity of a commercial class, but that of the class that has elsewhere had little or no prosperity whatever. The four hundred thousand Savings Bank accounts of today do not represent the riches of a little group of rich people, but of a large class of workers and their families. Among them there are no large accounts, and very few indeed that contain over two hundred pounds (\$1,000). The average, however, is higher than it was

twenty years ago, for it now amounts to about \$175 (£36) to each account, while it was only about \$130 (£26) twenty years ago.

So far, then, as the Savings Banks of New Zealand go, it may be claimed that the evidence on two points on which inquiry has been made is absolutely conclusive. The people of the country that belong to the class of workers — that class which in other countries has had little or no means of exercising the self-respecting virtue of providence for the future — have shown themselves both able and willing to exercise it in no ordinary degree when the opportunity presented itself. When good wages, and fair treatment made it possible for them and their families to live decently, and yet to have something over, they have been ready and willing to save it, none the less, but rather the more, because the laws of their country recognised to the full the claims of those who in the past had no such opportunities. The evidence also shows that for some reason or other higher wages, such as are paid in New Zealand under the awards of the Arbitration courts, do not, as they seem to do in America, when they are wrung from unwilling employers by means of industrial war, lead to an advance in rents of houses, and an increase in the price of every necessary of life, that leaves the workman with a family less able to live in decent comfort, and even less able to exercise providence for the future than he was before. Its meaning, as a general indication of the prosperity of the country and its people also can hardly be mistaken. It does not mean, indeed, that the rich men of the country — of whom, for-

tunately there are very few — none, indeed, that would be called rich in America to-day — have been growing much richer; but it does mean that the part of the people that used to have next to nothing beyond what was needed to give their families enough to eat and drink and wear, have begun to save money, because they can earn more than is necessary to pay for these things.

The Post Office Savings Banks pay interest at the rate of four per cent. on the amount of the deposits, but it is interesting to observe that the money deposited in the Banks by the people is not put there for permanent investment, but merely to be kept till it is wanted for some other investment. Last year while the total balance at the credit of depositors was fully \$70,000,000 — at the rate of very nearly \$70 for every man, woman and child in the country — the amount drawn out of the accounts during the year for use in some other way was very nearly \$50,000,000 — (rather more than ten million pounds sterling), — while rather more than that amount was paid in, either to old or new accounts during that time. The favourite investment for which money is withdrawn from the Banks seems to be the purchase of small sections of land in the suburbs of the larger cities on which the buyers look forward to building houses as homes for their families. It is this tendency that has brought about the situation that there are now more than ninety thousand persons, out of a population but little in excess of a million, who are returned as the owners of sections of what are known as “urban land” — that is land within the limits of cities or their suburbs.

The people of New Zealand are mainly British in origin, and they have brought to the new country, which is at once so like and so unlike the home of their race, many of the social ideals that were in old times so characteristic of their ancestors: among these the love of a home that belonged to themselves from generation to generation was perhaps in some ways the strongest. It was with a more or less definite idea of securing this that most of the original settlers found their way to the new country, and they have undoubtedly handed it down to their children. The ambition of a large proportion of those who are born in the country districts has always been to get a farm of their own where they could make a home, not, as seems so generally the case in America now, to find their way into a city as soon as they can choose for themselves, where anything even distantly resembling the old idea of a decent home is for most of them almost impossible. This desire to possess land and a home of their own has been steadily encouraged in New Zealand, by offering — as has already been explained in a former chapter — good farming lands in nearly every part of the country on terms that make it easy for almost anybody acquainted with country life to get a farm, and improve it by his labour with very little expenditure of capital. A considerable variety of tenures were offered, on which the land could be held — some of them so new to people in England, from which most of the capital came that was available for investment on loan within the colony, that they — or rather the companies that generally acted as the

lenders of money on mortgage which they obtained in England — hesitated to advance money on any but freehold land, or, where they did make loans on such security, expected to receive high rates of interest, on the ground that the security was not so good.

It was this fact more than any other that first induced the Government to enter on business as a lender of money to the people on mortgage of lands held under tenures that were meant to assist that part of the people possessed of little capital beyond their own skill and energy. Where such loans could be secured from financial companies or private capitalists interest at the rate of eight per cent. was usually charged, and the burden was found to be a heavy one, sufficiently so, indeed to discourage many from taking land on those terms. Such a state of things was recognised as being distinctly inconsistent with the social ideals that were rapidly gaining ground in New Zealand, which we have named those of State Socialism. It was certain that the Community, as a whole, could borrow as much money as it required at from three to three and a half per cent. in the English money market; it appeared ridiculous, as well as unjust, that the part of the people of New Zealand that for the time being had only the capital of their skill, and energy, should be prevented from adding to the wealth of the community as well as of their own families by being called on to pay twice as much for the least valuable part of the capital that was needed as it could be supplied for by the nation as a whole. The result was that the Government was authorised by

the Legislature to borrow what was required and to advance it on loan to the settlers for the improvement of their farms.

This experiment in the line of State Socialism was begun six years ago, so that it has not yet had many years of trial to record. It is possible, too, that exception may be taken to it as one of even the minor Public Utilities of a people. Whatever may be said, however, on this subject from the point of view of other and older countries, there can be little question that for a country like New Zealand, and a people like the citizens of that country, the system has all the general features of a public utility, especially in the extended form it has since assumed, covering the needs of workers in cities, as well as settlers in the country. It need not be pointed out that high interest on money lent is the main weapon by means of which commercialism has flourished for centuries; by which the class of the rich has grown richer, and that of the poor has become more impoverished in every civilised country. For many centuries capital has been recognised as the Money God of commercialism, while the interest for its use has been the burnt offering brought to its shrine. It may be questioned whether, for the promotion of justice between class and class, and of the well-being of the great majority of any people, there can be any public utility more required to-day than that of capital obtainable at low rates of interest on a reasonable security for repayment. It was the recognition of this truth that led to the New Zealand system of "Advances to Settlers" in the first instance, and, as a further step

in the same direction, to that of "Advances to Workers."

Within five years a sum of \$45,000,000 — (fully nine million pounds sterling),— had been actually lent by the nation to settlers on the land, to be used by them for the increase of the agricultural production and prosperity of the country. Its most marked result has been the large and steady increase in the number of small farms, and the great increase in the dairy produce of the country, which seems to be its consequence. The small farms of New Zealand are for the most part used for dairy farming, as, under the system of co-operative milk and cheese factories which has been encouraged in every possible way by legislation during the last ten years, small farm settlers can apparently make a success with much less capital than is required for farming of any other kind. Milk or cheese factories are now to be found within easy distance of the surrounding farms in every part of the country where close settlement prevails, and though there are many scattered farms that are beyond the reach of this advantage, the vast majority are in touch with one of these factories.

The produce of both butter and cheese has increased at a rate that seems almost phenomenal during the last few years till last year it had reached a point at which the export — almost wholly to the English market, where good prices are always obtainable for New Zealand dairy products — of butter from the country had reached a total of about thirty-eight million pounds in weight, and that of cheese a little more than fifty mil-

lion pounds. The value of these exports alone to New Zealand amounted to more than fifteen dollars per head of the whole population — a result which was very largely though not entirely due to the system of Government advances to settlers. The advances of money to increase the prosperity of the farming population has not stopped short at advance of money on mortgage of their farms, however. Advances have been made to dairy associations of a co-operative character to enable them to build and equip butter and cheese factories in their own neighbourhoods, wherever it appeared that such institutions were needed by the farmers of the district, and there was a fair prospect of sufficient support to make the investment pay. This has always been ascertained by Government inspection whenever application was made for such assistance, and the capital thus advanced has been secured by bonds entered into by representatives of the proposed co-operative society to repay the advances made by the annual payment of five per cent. to cover interest and a sinking fund to repay the principal.

As has been already mentioned in this chapter the principle, introduced six years ago in the case of country settlers, of treating their need of assistance by the advance of capital on liberal terms as a public utility to be provided by the Community as a whole, has since then been extended to another class — that of "The Workers." The meaning of the term "worker" is defined by the statute as any person, whether male or female, who is engaged in work (whether as an employé or on their own account) in manual or clerical

work, who at the time of making the application for a loan is not in receipt of an income of two hundred pounds (\$975), and is not the owner of any land, other than the land which he offers in security for the loan for which application is made. In New Zealand this definition practically includes nearly all classes of persons engaged in labouring or mechanical pursuits, as well as all junior clerks or school teachers. It will be seen, therefore, that it appeals to the needs of a very large proportion of the people, who are thus given an opportunity beyond the reach of persons in their situation in almost any other country. Little need be said to the citizens of America as to the need of some such opportunity for the inhabitants of cities, where homes, in any reasonable sense of the word, are simply unattainable; and while this is less true in a young country like New Zealand, the want is one that is real and widely felt by those who live and work in cities. For this reason the provision made for securing homes for the people has been placed here among the minor Public Utilities — not indeed needed by the whole population, but extremely beneficial to a very large class, and that the class that has the most need of such an opportunity.

As the conditions on which assistance will be given by the nation to individuals for home building demand the offer of security by the borrower to secure the payment of interest, and the repayment of the money advanced, it was natural that at first only a small number of the people would be ready to take advantage of the opportunity offered. The statute has been in force during

the last four years only, and while experience has shown that at first few people were prepared to offer the required security of a piece of land on which a home could be built, the number of such persons has increased steadily year by year. Only a hundred and sixty loans were applied for during the first year, and of these only about two-thirds were approved by the Board entrusted with the management of the system. In the second year, however, the number of applications had risen to 1,150, of which all but about seventy were approved — the amount advanced averaging as nearly as possible \$1,000 (rather more than two hundred pounds) in each case. In the third year twelve hundred and twenty applications were granted, and one million four hundred and ninety thousand dollars (about three hundred thousand pounds), were actually advanced, showing that a demand, not only for a larger number, but for an improved class of workers' homes, was already arising. In the last year of the four over which our record extends fully three hundred and sixty-two thousand pounds sterling (\$1,800,000) was advanced for the building of such homes in the outskirts of the various cities in the country to 1,854 workers. On the whole, therefore, the result of this particular extension of the principle of State Socialism has been that within four years, four thousand two hundred and fifty-three workers have obtained decent homes of their own, by the help of the community as a whole. The homes that have been built are in almost all cases occupied by people engaged in some kind of manual labour — generally artisans of some kind — and the houses, which are

erected on plans approved, and indeed usually supplied, free of charge, by the Board, are neat cottages that have been built at a cost of about twelve hundred and fifty dollars (a little more than two hundred and fifty pounds). During these four years the country has invested in this way fully \$5,000,000 (one million and seventy-four thousand pounds), and up to the end of the fourth year the payment on account of interest and sinking fund, had been nearly fifty-two thousand pounds (\$250,000).

CHAPTER VI

PROTECTIVE STATE SOCIALISM

THE economic system adopted in New Zealand, to which we have given the name of State Socialism in this book, involves the control, and even the active management by the people's representatives, of a good many things that under other systems of social and political economy have been left in the hands of individuals or corporations for their own profit. The system rests on the conviction, founded on universal experience, that human selfishness which aims at private advantage, can never safely be entrusted with the control of many things which civilisation has rendered essential to the well-being of a large majority of any community.

The services that have acquired the name of Public Utilities in America have been increasingly recognised in all civilised countries during the last fifty years as belonging to this class. In some countries — the opposition to such a recognition by legislation has been stronger than in others; it is, however, impossible to deny that in every civilised and popularly governed country this conviction has grown stronger year by year. In America, it is true, the opposition has so far prevailed that only the Utilities of the Postal service and the water supply of cities, have as yet been generally

recognised as too important to the well-being of the people to be left in private hands. In England, however, the Electric Telegraph system has been added, while in many of the larger cities both lighting and street railways have been taken charge of by the Municipal authorities, with marked success and advantage to the people. In many European countries the railways are owned and operated by the Government, and are, at least nominally operated for the people.

In this way the principle of Public Ownership of Utilities has been tested and accepted by many civilised nations, and experience has shown more or less satisfactorily, according to the conditions of Government in each country, that there is no essential difficulty in the way of the services being well and cheaply rendered. In New Zealand, experiments in this direction have been made on a wider scale than elsewhere, and have embraced many other Utilities that as yet have not been generally recognised elsewhere as belonging to the class. With these we have dealt to some extent in the preceding chapter. There is, however, a class of Utilities, if the name can be applied to services that are mainly protective in their character, that are already presenting themselves as serious problems in most countries of advanced civilisation. The war that is now being carried on in America between the Trusts and the Public interests probably represents this problem in its most concrete form, but it is one that is making itself felt in every country in which the commercial spirit of the age has made any considerable progress.

Objection may, of course, be taken to the name of

war as applied to the effort of commercialism to concentrate in the hands of a small class the power to dictate prices of commodities that have become necessities to the Public in the way that suits best the profit of the Trusts. It is well, however, to face such questions plainly and it may be regarded as a healthy sign of the times that the problem is being dealt with even in America to-day from this point of view. It is perhaps too early in the campaign to express any strong opinion as to the steps that have been and are still being taken in America to ensure victory to the people in the struggle; it may be sufficient to point out that the strategy employed with this object in New Zealand is at once simpler and more efficient than anything yet tried in other parts of the world to meet the difficulty and protect the people.

The scale on which problems of this kind can arise in a country like New Zealand must be small as compared with America. The supply of anything needed by one million people must be limited compared with that required for ninety millions, and this difference may very easily become misleading to inquirers. A nation of little more than one million people offers much less inducement than one of ninety millions to such a struggle for commercial supremacy of a small class over the rest of the nation. There is, of course, less to excite cupidity in the smaller country because the rewards of success must be smaller. The important point to be noticed is, however, that in every other respect they are the same. The scale is, after all, an accident; it is the principle involved, and the result of

its operation on the well-being of the people whether numbering one million or ninety that is important.

The commercial policy of "cornering" anything needed by the many is no new policy; it is in fact as old as the first appearance of the commercial spirit in the earliest stages of civilisation. It matters little or nothing what the thing is that is "cornered," as long as it is something needed by the mass of a people, and supplied by a small class. It may be wheat, as in Chicago to-day, or in Egypt thirty-six centuries ago; it may be the coals, or the mineral oil required to meet the needs of a modern people; or it may be the insurance against accidents, or to provide for a family in case of death. These, and many more things than these, present themselves as temptations to those who see in the necessities of others little beyond the selfish opportunity for themselves. The problem is one which arises in every part of the civilised world to-day: as really in a small country as a large one — among a nation of a million inhabitants as in one of ninety millions. It is not remarkable, therefore, that the problem has already made its appearance in New Zealand, or that, in view of the evils that have sprung from it in older and larger communities, it was considered necessary to deal with it.

Insurance against future disasters at the cost of some present self-denial and effort is one of the most characteristic additions which our modern civilisation has made to the Utilities of nations. At first sight it might appear to be one of the least likely of all to be made the subject of a system of plundering the public

for the benefit of a small class of capitalists; yet the fear that such an attempt was about to be made was the cause that led the Parliament of New Zealand to take the step of offering to supply the people with a national insurance, applying first to life, and afterwards in succession to accidents and fires. In each case the object aimed at by the New Zealand legislators was the protection of the people; and in each case the object was successfully attained. There can be no question that the plan adopted in New Zealand has been successful there, and little or none that it would answer the same purpose if applied on the larger scale necessary to meet the case of older and more populous countries.

The instance of the establishment of a Fire Insurance Department as an extension of the insurance department of the New Zealand Government may serve as an illustration: in that case there was a combination of the Insurance companies — some of them English and some New Zealand in origin — that were doing business in the country to raise the premium rates for insurance against fire. The excuse for the proposed advance in rates was that in cities a much larger proportion of the buildings were of wood, and therefore more inflammable than in England, where the rates had been originally fixed, and as there had lately been several extensive fires the companies were confident they would meet with little opposition from the public. The Government, however, made an inquiry into the question, and having come to the conclusion that the rates charged were sufficient to cover the risk run by the insuring companies, they offered to insure the peo-

ple against fire at the rates that had been in force up to the time of the agreement between the Companies.

It was not with the object of becoming the Fire Insurance Company of New Zealand, any more than it had been that of monopolising the business of Life or of Accident assurance, that the Government obtained the authority of Parliament to extend the departmental insurance business to fire risks, but merely for the protection of the people from charges that were excessive. This was fully understood by the associated companies, and it was only a short time before they reconsidered the question, and came to the conclusion that the rates formerly charged would pay them better than the sacrifice of the business to a Government Department. No efforts have since then been made by the Department to secure a monopoly of the business, or to deprive the Companies carrying on legitimate business of the public patronage; the department of State insurance against fire, however, remains at every centre of population, and is at once a warning to the companies, and a security to the people. New Zealand is as yet a country of wooden houses, and except in the central parts of the larger cities brick, stone, or cement buildings are comparatively rare; in spite of this insurance against fires, which is almost universal, is secured by its people on terms that compare very favourably with those that prevail in America or England.

The circumstances under which the New Zealand Government interfered with Corporate enterprise in the matter of coal production and distribution were very similar to those under which it instituted a Department

of Fire Insurance. As the railroads of the country had for a good many years formed an important department of the administrative work of the Government it was only natural that the advantage of obtaining a supply of coals from mines situated on the public lands should have occurred to the railroad managers, as in this way, it was believed, fuel could be obtained more cheaply, while the supply could be relied on more certainly than by any system of dealing with mining companies either in New Zealand or New South Wales. It was found that the Government coal mines were a success for the purpose intended, and for a good many years they were used for no other. The occurrence of one of the strikes of the coal-miners of New South Wales, however, was the means of raising a new issue, and one that affected the people of New Zealand directly. As long as the Newcastle coals of Australia could be procured at the prices that generally prevailed there was a check on the prices that could be obtained by the coal-mining corporations of New Zealand, and the people could get fuel on reasonable terms. As soon as it became certain that Australian coal could not be obtained in quantities, or at prices, to encourage its importation to New Zealand the coal corporations saw their opportunity, and prepared in New Zealand, as they would have done in America, to take advantage of it. In doing this, however, they had not reckoned sufficiently with the temper either of the people or the Government. Till then the Government coal mines had existed for Government purposes only, and the Executive were not authorised to

use them for any other: when the well-being of the people and their industries seemed to be threatened, for the profit of a few Corporations, as it has been so often in America, the Government at once appealed to the Parliament for authority to protect the people in the simplest and most straightforward way possible. From the New Zealand point of view the coal mines of the country were the people's coal mines, and the people were entitled to obtain coals on fair terms.

The result was, as might have been expected, the defeat of the attempt to take advantage of the people's needs for the corporation's profit. It required no elaborate legislation, as in America, where a similar problem has taxed the energies of Courts and has been wholly unsettled in twenty years, during which time the people have been robbed, and the corporations enriched. The old principle that free competition was the natural cure for attempted monopoly, with all its attendant evils, was applied to the attempted Coal Trust of New Zealand, by the people, through their own Government, supplying the competitor. It was true the Government mines could not supply enough coals to meet the needs of the country at once, but the Corporations were shrewd enough to see that it would be fatal to their future business if they compelled the people's Government to extend its operations sufficiently to supply the whole of the people's needs. If new mines could not be opened quickly enough, the Parliament could take the mines, as it had before taken the land required for the people's needs, and the knowledge of

this fact was sufficient to bring the corporations to their senses, and to secure to the people the fuel they required on reasonable terms.

As in the case of the Government Insurance Departments for protection against accidents and fires, so in that of providing the fuel required for the growing industries of the people, no attempt has been made to institute an injurious competition with the Mining Corporations in New Zealand. The object lesson presented by the establishment of coal depots for the supply of the people, and their protection against imposition, at the chief centres of population was sufficient. The depots have not been multiplied, but they remain as a warning, and the warning has been effectual. There have been strikes on the coal fields of New South Wales since then that have shut off the supply for export during months, and seriously injured the industries of Australia for the time: no attempt has been made by the coal-mining corporations of New Zealand to repeat the experiment of raising prices in the island Dominion, and no injury has thus been done to the rapidly growing industries of the people.

It may seem to some readers almost a misuse of terms to class the Legislation of New England that has for its object the relief of its people from unnecessarily heavy interest on the capital required for carrying on successfully the business of a large proportion of the people as "protective." In doing so, however, the writer of this book believes he is fairly representing the underlying principle of what he has termed the State

Socialism of New Zealand. The gradual evolution of civilised society, has, like all other evolutions, been one of struggle, in which the highly endowed few have been, more or less consciously, arrayed in an age-long struggle against the little endowed multitudes of their fellows. In this struggle they have by various means — some of them, it may be, what we may call fair, others certainly cruel and unfair — accumulated the exchangeable wealth which is known as capital. Of this capital they have naturally tried to make the greatest possible profit, with regard only to their own advantage, and with little or no reference to the advantage of those to whom it was lent. This policy of securing the highest returns for accumulated capital has naturally reached its greatest development in this age of commercialism, and it is no exaggeration to say that it is an almost universally accepted economic doctrine of our time that the man possessed of capital is more or less a fool who parts with it for less than the highest return in interest that can be safely obtained for its use. Thus in every country of the civilised world to-day society may fairly be said to be divided into the two contending parties of those who have capital, for which they seek the greatest possible return, and those who have little or no capital, but are eager to obtain and to use it, on the best possible conditions. There are fortunately, however, two classes of capitalists: the one bent on obtaining the highest return for what he has accumulated, the other more eager for security than for a large present interest. The first class lends to individuals or to companies en-

gaged in trade; the other prefers to accept small interest from Communities or nations, with the practical certainty of receiving regular returns.

The State Socialism of New Zealand has proceeded on a policy of using the credit, as well as the powers of the nation for the protection of its people from the exorbitant demands of the class that uses capital commercially, by appealing to the other class of capitalists that looks for safe returns rather than exorbitant interest. This policy has been a protective one in the truest sense of the word in New Zealand, and its results have been remarkable for their success. It is not as yet many years since the policy was widely applied, indeed, but even in the few years that have passed it has done much in that country to remove the barriers that elsewhere stand, as they have stood for ages, between the well-to-do classes and the poor. It has been the boast of America for more than half a century that it is a country — perhaps the only country — in which it is possible for the poor boy to become a great millionaire; it may well become the boast of New Zealand that hers is the only country in which every poor boy, if he is only persevering and steady, may without special talents or unprincipled ambition, become not a millionaire, indeed, but that which is better both for himself and his country — a well-to-do and self-respecting citizen.

New Zealand's policy in the past twenty years may claim the sympathy and approval of lovers of their kind in every country, on the ground that it has kept steadily before it the two great principles of justice — equal jus-

tice — to all its people, and the recognition of a real brotherhood between all classes: it can do more than this, however, to-day; it can claim recognition as the first illustration on a national scale of the long neglected economic truth that justice and brotherly treatment to all — in other words national righteousness — means prosperity — such a prosperity as can be reached in no other way. The people of New Zealand — isolated from the markets of the world by distances greater than any other country inhabited by civilised men; possessed of no remarkable natural resources of mineral wealth either to attract population or capital to their shores — are to-day, it may be said without the smallest exaggeration, the most contented, the most law-abiding, and the most prosperous Community in the world.

In the earlier chapters of this book the writer has attempted to trace the steps by which this success has been reached. He has stated the actual position of things in New Zealand twenty years ago on the authority of the official statements laid that year before the Parliament, and regarded at the time as wholly satisfactory: he has compared this state of things with that which exists to-day, on the same authority without exaggeration or misrepresentation either of facts or figures; it remains only for him to present the problem which arises from these facts, and to suggest what appears to be its only reasonable solution. This he proposes to do in the next and final chapter of this book, before proceeding to deal with the question of the problem in its relation to other and older countries than New

Zealand, and to other and more numerous populations that have not as yet had the opportunities for national and social well-being that have done so much for her people.

BOOK IV

WHAT IT MAY MEAN FOR THE WORLD

CHAPTER I

THE LESSON

WHAT is the true significance of the object lesson offered by New Zealand for the consideration of the rest of the world? Before we go farther it may be well to arrive, if possible, at a clear understanding on this point.

Two features, both startling in their quality of unexpectedness, stand out prominently in the study already made of the twenty years' policy of the Dominion of the South Pacific. The first, and as the writer believes the most important of these, is the successful dealing by its means with many problems that elsewhere remain almost untouched, involving the well-being of the great majority of the people. The second is the unquestionable fact that the policy, which was condemned as inevitably leading to social degradation and financial ruin, has proved a great success.

On every side, and in every civilised country there are evidences of social unrest, so marked, and in most countries so threatening, that thoughtful observers are asking themselves the question — what next? The conditions that have prevailed so long that even thoughtful reasoners on such subjects have learned to accept them as inevitable, even if puzzling and distressing,

seem no longer to find general acceptance. The social order that has appeared to those who occupied the better positions, at any rate, so satisfactory that its establishment might fairly be attributed to the will of a good Creator, is everywhere publicly discredited, and is apparently tottering to its downfall. The modern substitute for the old political and social ideals of the Middle Ages — the age of commercialism, in which the spoils of victory in the markets of the world are to go to the most able trader, and the most unscrupulous financier,—has utterly failed to give satisfaction or well-being to the masses in any country; and it is no exaggeration to say that it has given rise to an agitation in most that threatens revolution and collapse at no distant period.

The great social problem, therefore, of our age can hardly be set aside, or treated lightly by any reasonable citizen of a civilised country to-day. Conditions, it is true, differ to a certain extent, and with these there arises a difference more or less important in the amount of the unrest that exists, and the indications by which it may be recognised: in every case, however, the essential and underlying causes of the agitation are the same. In every country where civilisation has made considerable progress the general intelligence of the great majority of the people has developed within the last generation as it had not developed in many centuries before. This development has not destroyed the appreciation of the natural advantages by which in all ages of history one man has been able to excel his neighbours; it has, however, weakened to a greater ex-

tent than ever before, the almost superstitious estimate of such powers, independently of the uses to which they were applied. The reverence, which has for ages attached itself in Germany to the class of the old nobility, and in England in a less degree to the landed gentry, with or without titles, is passing away, and will soon, it may safely be said, be gone. With that reverence has already gone to a great extent the respect for the order of society which it expressed. In America, it may be said such conditions have not existed; and this is, at least nominally true. In America, however, the underlying principle of these class distinctions has been as fully developed as elsewhere. There has been no hereditary class of nobles, as in Germany, and no class of landed gentry, as in England; there has, however, been, and there is to-day, a new class of nobles and gentry — the class of the commercial magnate, and the political Boss,— which have inherited nearly all the bad qualities of the distinguished classes of older countries, and have added to them a few new ones on their own account. Instead of the quality of so-called noble or gentle blood, the new American classes have prided themselves on the possession of larger hoards of wealth, gained at the expense of their neighbours, and a greater talent for increasing their riches, and the power which those riches give them, than is possessed by any but a few of their fellow citizens.

In one form or another there exists, therefore, in each of the world's great civilised countries that pride themselves to-day on the vast political and social advancement of their people, as compared with the gen-

erations before them, a survival of the same defects that have, in one form or other, distinguished society since organised communities began. The power, mental or physical, of one class to secure more than its fair share from other classes has always existed, and has always been exercised by the few to the injury of the many. This is equally true of the noble who lives on the labour of the people who live on his hereditary estates, and of the multi-millionaire who wallows in riches which he has secured by his ability to seize on something needed by his fellow citizens, and force them to pay for it at a price far beyond what it costs. And in every country — in Germany, England, and by no means least in America, the people have at last found it out. They have done this; they have done more than this. They have been learning the truth that it has been their work, and the work of their ancestors, that has earned the money on which the nobles and landed gentry of the past have lived so comfortably, and that it is their hard-earned wages that have gone to make up the vast fortunes of the millionaires of today. They have also learned, or are in the way of learning, the other truth that it rests with them to alter the social system that has lasted so long, and in many respects worked so injuriously.

This is the problem of the twentieth century in its two-fold aspect, and there can be no doubt that it is a serious one — perhaps the most serious that has yet confronted men in their social relations. Not once or twice, but many times in the history of nations, there

have been partial discoveries of the same kind made by the people of one country and another. The down-trodden majorities have grown first impatient and at last desperate at thought of the needless luxury of the few among their people, and the apparently hopeless misery of the many; and at last they have risen in revolt, and tried, with more or less partial success, to bring about a revolution. In the end they have failed in their purpose; not because their purpose was wrong in itself, but because they had not the intelligence or skill that were needed to carry it out. Society — even a majority of the society which we call a nation — shrinks instinctively from violent changes in social arrangements, necessarily accompanied by many evils; and in every attempt at a great social revolution of which any record has survived it has been this element of violence, with its accompanying evils, that has in the long run given the victory to the old order of things. The conviction that it is better to bear the evils they have grown accustomed to, through long, even through bitter experience, than to take the risks that may be involved in new ones, would appear to be almost universal; and it is an instinct that has assisted in the substantial progress of organised society. It is, however, an instinct that has its foundation in ignorance. If men knew more clearly what it was they wanted in the direction of social change and improvement the chief cause of the failures of the past would have disappeared: if they were fully convinced that they sufficiently understood the lessons taught by past failures to guide them

to a future success, the instinctive fear of the unknown would have ceased to prove an unsurmountable barrier.

It is at this point that the social problem of the twentieth century differs from the same problem as it has appeared in many centuries, and among many nations in the past. In nearly every country the last half century has witnessed a great awakening. It has become a common-place to speak of the Awakening of China, as twenty-five years ago we spoke of the Awakening of Japan; and the idea which the phrase represented was in both instances a true one. It is equally true, though the familiarity of the subject has made it less appreciated, that there has been a great Awakening, which is still going on, among the civilised nations of Europe and America — an awakening that is quite as real, and may well be attended by quite as remarkable consequences to the future of the world as anything that has taken place in the far eastern countries of Asia. In both cases the awakening is an intellectual one. It may be said, indeed, that in the case of the peoples of eastern Asia the awakening has been that of a whole nation, while in the countries of the west it is that of a part of the people: in its importance, at any rate, and even in many of its results the awakening will probably have very similar results. The awakening of the Far East has been a general awakening to new ideas, and a new knowledge of many things: in the West it is also an awakening to new ideals, and a new intelligence that appears to make those ideals things that may and should be attained.

In the Far East the well-being of the vast majority of the nation seems to its people to depend on greater freedom, and more political power: in the West the question is how the freedom and the political powers they have long possessed may be used to secure the well-being they are still in need of.

It is on this question that past experience has but little to say. What history can tell us of the past is but a melancholy record of cruel conditions, affecting the great majority of every nation; and of spasmodic attempts on the part of the sufferers to shake off those conditions by some great and violent revolution. The record of miserable conditions, under which the many have been sacrificed to the few is hardly more emphatic than that which tells of the failure of the various upheavals by which the majority has endeavoured to shake them off. A few philosophers have dreamed of a better state of things; but as yet mankind has failed to realise any near approach to them in the actual life of nations. It has always been the same sad tale of the few that gained what they desired at the expense of the many who had to content themselves as best they might with the crumbs that fell from the overloaded tables of the others.

It is here that the social theories of philosophers have been found wanting, and the beautiful dreams of the socialist teachers have found themselves confronted by an apparently insurmountable wall of stern facts. In such a case the object lesson which can alone be of practical use must be one of experience. It must be one that takes society as it is, and shows not only what

it might be made, but how the making can be done. The scale on which the object lesson is given must of course be large enough to display the main features both of what is to be amended, and what it is to become when the amendment is effected; but it need be on no larger scale than this. It must show a human society in all essentials like other national communities; and it must show the processes by which such a community can be taught successfully to shake off the characteristics that still degrade it. It may easily be imagined that such an object lesson as this could not readily be found: it is almost unthinkable that it should be found in absolute perfection. This, however, is not necessary, and it may even be impossible. As the conditions of no two countries are alike in all respects the social, political, and economic object-lesson that appeals most perfectly to one must necessarily fail, at least comparatively, in its appeal to the other.

This is the natural answer to the common argument that may be heard any day in America from those who are ready to express admiration for the experiments made in New Zealand, and yet complain that the example of New Zealand can be of little service to a country like their own. It is true the conditions of America differ from those of New Zealand in many ways, and the exact reproduction of these conditions in the Pacific island Dominion would not have been possible, even if it had been desirable. The scale on which those conditions exist in America itself forbids the idea, but it by no means destroys the practical value of the lessons that may be learned. America, more perhaps

than any other of the greater countries of western civilisation to-day, has, if her people will only see it, the advantage of being able to understand and profit by the lesson from New Zealand. At first sight, indeed, this may appear unlikely, but a little consideration will serve to show that it is true.

In the case of Germany, for instance, the conditions of the people political, social, and economic, are in many respects unlike those of America, and in every one of these they are still more unlike those of New Zealand at the time when her experiments in State Socialism were begun. They present the features of a nation, occupying a country whose lands are hardly more than sufficient to support its people in decent comfort, and whose lands have for centuries been taken from the people by a small class of the community whose monopoly has become almost sacred in the opinion of the inhabitants by long custom and usage. To take these lands for the people's use and ownership, as was done in New Zealand, would seem to the people of Germany, and certainly not less to the class of the German nobility, revolutionary in the highest degree — a policy to be resisted by force, and probably, if need be, by civil war.

In some respects the case of England is even less like that of New Zealand, and the policy adopted there as to the first step of social and economic reform would be almost meaningless in a country where the land of the country, if it could be equally divided among the inhabitants, would provide less than two acres for each of its people, of which at least a third part would be

useless for cultivation. The fact that circumstances have, during the last century gradually forced the inhabitants of Great Britain into the position of living and working in crowded cities, while it does not prevent her people learning much from New Zealand's experience, makes it less easy to do so in a practical shape than is the case with America. For, like New Zealand, America is still a new country. Large as are the numbers of her people they are not yet crowded of necessity into the unwholesome atmosphere of great cities. It is true that, to a large extent, America has allowed the most valuable part of her lands to be monopolised by individuals, and still more by corporations that have made use of it to grow rich at the expense of the rest of her people; this, after all, only places her in the position which alarmed the people of New Zealand into taking the first steps towards economic reform.

In America, as in every part of the world, the land is the original source of national wealth, and there is still sufficient land in the United States to make its people, numerous as they are, wealthy in the only real sense of the word, if they will only make up their minds to use it reasonably and well.

There is a common delusion abroad that America has used, and is using her vast heritage of public lands both well and wisely; but it is, after all, only a delusion. The land of a country is never well used unless it is used so that the greatest benefit arises to its people. Where this is the case the people do not desert the land to take refuge in the slums of great cities, but rather

desert the cities for the cleaner, purer, and more natural life of the country. This is part of the object lesson from New Zealand; and it is one that can be made to apply not less forcibly to America. Huge areas of the public lands have been handed over to the railroad Corporations, to be dealt with in the way that seemed likely to yield the largest profits; other areas have been disposed of in huge estates on the principle, which was adopted in New Zealand thirty years ago, of waiting for a rise in values — a rise that can only be caused by the needs of the people who have been deprived by the policy pursued of their natural inheritance. On the same principle the great mineral riches of the country have been wasted. The coal, the iron, the lead and copper ores, and not least the great treasure of mineral oil, have been taken from the people, to whom they belonged, and handed over to capitalist corporations to be used as the instruments by which the wealth that should have meant well-being for the nation flowed into the already overloaded coffers of a class which reaped power that was generally badly used, and luxury that was little better than a curse to themselves and their children.

To-day it may be said, there are many States of America in which the land still in the hands of the Government may be obtained on easy terms — more easy, it may be argued than those that are said to have produced such remarkable results in New Zealand. Why then are the results so different? There may be many reasons for this, it is true, but one at least is evident: the American system lends itself directly to specu-

lation while that of New Zealand practically prohibits it. It is no part of New Zealand's policy of State Socialism to give away the land of the people without some security that it shall be made use of in a way that will benefit both the nation that gives and the settler who receives it. The land selector in New Zealand is bound really to live upon, and actually to improve it to a definite extent before he obtains any title: he, or in case of his death, his family are bound to do both for a good many years before they can obtain a title that may be transferred to any one else. It is not possible there to take section after section, keep them for a few years, and then sell them to some one else, moving on to another to go through the same process. The policy of the island Dominion has been to encourage, and help the real settler by every means possible, and this policy has been an almost unlimited success; it has never been its policy to encourage land speculation at the expense of the nation. To the real settler, who is engaged in cultivating and improving his land on the terms of his perpetual lease, and who regularly pays the rent agreed on each year it is safe, in the public interest, to supply assistance, either in the form of seeds for his farm, and trees for his orchard, or in money to be spent in buildings or fences on the land, at low rates of interest, guaranteed by the credit of the whole community. This policy has led in New Zealand to good farming, and large returns from the land that have increased year after year. Under this system of close settlement there has been no temptation to adopt the system of scourging the land to grow poor

crops of grain, for which no return was made to the soil, and which impoverishes the land of the country, while it gives back a beggarly return for the labour expended.

In all these respects New Zealand's twenty years' experience in dealing with her lands forms an object-lesson that may well be of service to America. The great continental Republic, misled by the vast extent of its landed estate, has treated this chief asset of the country's wealth, as if its future, and that of the people who cultivated it, might safely be left to take care of itself. Its rulers have given away vast areas of its people's estate to corporations, to dispose of for their own profit; they have given it to selectors on terms that have encouraged speculation, and led to a system of farming which has degraded the average production of grain from each acre to considerably less than half what is obtained from similar land in New Zealand. The full meaning of this has not yet been realised in America, or in Canada, where a similar land policy is leading to the same results; but the time cannot be distant when it will become evident to the most thoughtless in the loss of wealth from the lands of the country, and the loss of well-being — small enough even now — to that part of the population which continues to seek a living from its cultivation.

Nor is the value of New Zealand's object lesson confined to the policy that has dealt with the lands of the people in America, or as a consequence, with the well-being of the workers on the land. In America, as in England, Germany, and other European countries, the

people have been deserting the country for the cities for the last thirty years to an extent that increases year by year. Ingenuity and enterprise, genius and mechanical skill, have all lent their assistance to render the progress made in the mechanical arts and industries more attractive and more wonderful than in any former age. The consequence has been that the leading feature of the time, as it affected social questions, has become that of associated industry. The age that has arisen has been one of great riches, accumulated in the hands of a small class, balanced, and as a rule more than balanced, by the absence of nearly all that makes for well-being in the vastly large class of the workers and their families. The life of the great cities has for the great majority become emphatically an unwholesome life. To the workers it has been a life of long hours of labour of a kind much more exhausting than that which made its demand almost wholly on muscular strength. It has been a life of little relaxation, and of few healthy amusements for the men and women, while for the vast majority of the children it has been even worse. It would be no easy task to imagine conditions of life less likely to produce a people really worthy of liberty, or likely to use really well the liberty they enjoy.

New Zealand's object lesson has its bearing on such conditions as these. It has shown that industry such as prevails in the great cities of to-day does not demand the degradation of the workers, or the sacrifice of the next generation of their class. It has shown that it is possible to carry on, and even rapidly increase, the mechanical industries for which the age is so remark-

able, and yet to secure for the workers reasonable rest and enjoyment, and for their families conditions of well-being such as have not been dreamed of hitherto by the workers at any great industrial centre in America, England, or Germany.

CHAPTER II

THE VALUE OF THE LESSON

NATIONS, like individuals, are seldom willing to be taught a lesson, and the unwillingness is likely to be the greater where the lesson comes from a community that is younger and smaller than itself. What has been said of the experiments made by New Zealand, and their results is certainly exposed to this disadvantage. New Zealand is a small country. It contains but little more than a million people, and these practically all of one race; the industries of the country are comparatively new, and limited both in variety and importance: the country itself is isolated, and has comparatively little contact with, or importance for, the markets of the world. In all these respects what has been done in the Dominion of the South Pacific during the last twenty years is open to the objection that while it is interesting, it can be of little practical value to America or England. The experiments made on so small a scale, it may be said, can have little significance for communities so differently situated: the many millions of America or of England can learn but little from the experiences of a little nation playing at toy politics and infant economics, even if the results obtained appear remarkable.

Two answers may be made to such objections as these by those who think the experiences of New Zealand worthy of the consideration of other countries, whose conditions differ, both in kind and in extent, from her own. The first has already been referred to in speaking of the truth that all, or nearly all the object lessons by which mankind has profited in the past have been presented, in the first instance, on a small scale. The scale, indeed, is seldom the important matter: it is the underlying principle of the lesson, and the fact that there is need of some such lesson to meet an existing need, that is the really important thing. In the case of the experiments made in New Zealand, the underlying principle is, it must be admitted, a novelty in the experiments of nations; it is not, however, on that account the less important. It begins with the admission of social injustice and grievances, leading to economic, as well as to moral evils and mistakes, and it proceeds on the principle — or it may be the assumption — that the cure of the moral evils, and social injustices of the past will be attended by no economic troubles or disasters to the community that has the courage to make the experiment.

The second answer that may be made to those who are inclined to treat such experiments as things of little general importance, would naturally take the form of a question. Are the conditions — social, political, and economic — of their own people so satisfactory that no improvement is to be desired, or can reasonably be hoped for? England, until lately, rather prided herself on being called the workshop of the world, and

now both America and Germany are inclined to dispute with her the right to the title. To the eyes of an unprejudiced observer the workshop — whether it be in England, America, or Germany, is by no means an attractive scene. There may, indeed, be differences in degree; there is practically no difference in the leading features of the cities in each country. Congestion, poverty, evil conditions for old and young, are the almost invariable rule. A life of squalor and discomfort in childhood, succeeded by a life of toil and exertion, unlightened by reasonable opportunity for rest or amusement for both men and women, ending, as a rule, in an old age of penury and want. These, or conditions nearly approaching these, are to be found in every great city of Europe and America, and they are the conditions of a majority of the inhabitants.

In England, and other countries of Europe, these conditions are very largely, it may be said, the consequences of the past, when freedom, as it is generally understood to-day was an undeveloped thing for the great majority of the people of each country. It was then that cities sprung up where the inhabitants, all but a very limited class, were compelled to live in dens, and to be content as long as they could obtain enough to eat, and nearly enough to cover them. The times have changed, and the need of such places and conditions of living has passed, we shall be told. The new era of commercialism has already wrought a change in the circumstances of the great majority of the workers, and year by year is doing more. In America, at any rate, workers of every kind are now paid wages unknown

in other countries, while the more skilful artisans are paid in the great cities on a scale undreamed of thirty years ago even in America.

Such statements as these are true, and yet they are strangely deceptive. It is true that in America skilled labour is rewarded with higher wages than elsewhere; it is also true that in older cities, where evil conditions have so long prevailed there has of late been an improvement, owing to better regulation, and more intelligent oversight. It is, if possible, still more universally true that the increased wages paid to the workers in America, and the other more progressive industrial countries of the world, will not to-day purchase more, but on the contrary rather less, of the goods that assist in family well-being, than the lower wages of thirty years ago. Wages have risen — mainly under compulsion — in every country: house-rents, food, clothing, and all other things that produce general well-being for the masses of a people, have risen even more in price. And in spite of oversight and regulation the conditions of life have not greatly improved in the world's great cities. It is true that the most revolting features of most of the great cities of England and Germany have been improved, or swept away — but what of the great cities of America? Forty years ago cities everywhere, and particularly in America, were not the congested centres of population they are now. Thirty years ago even the families of workers in New York, Chicago, and a score of American cities that might be named, had space to live in some comfort, and to breathe air that was not too oppres-

sively charged with unwholesome gases. To-day the east side of New York, and the stock-yard districts of Chicago are rivalled in their unwholesomeness — physical and moral — by the workers' quarters of fifty overcrowded cities in the country.

For these evils, and such as these — for the life of the streets, and the workers' tenements — it may be said there is no remedy. These are part of the price, it may be asserted, of success in the struggle for commercial supremacy and national wealth. There must, of course, be some drawbacks to every great success; and it is foolish to concentrate attention on the drawbacks, and to ignore the advantages. The argument is familiar, and it might even be forcible if it did not leave out of account the comparative value to the nation of what is gained and what is lost. Commercial supremacy is the great object towards which the ambitions of the average man of this commercial age points. To him success in attaining this object is really the highest national success of which he has any idea. To command for his goods the most prominent place in the world's markets seems to him to mean not only national importance but national wealth; and small matters, such as the happiness and well-being of the men who do the work, and the well-being of their families, seem in comparison but trifling things. Commercial supremacy is an object of ambition to a certain class of the people of America, England, and Germany to-day, because it appears to them to mean riches, not for their country, or its people, but for themselves.

For the majority of thoughtful men it can hardly be too much to hope that a broader and wiser ambition than this may have some attractions. The riches of which the average man imbued with the spirit of commercialism is thinking are the riches he may hope to gain for himself, or at the most those that will be confined to the class to which he belongs; and no nation ever grew really wealthy by the vast accumulation of riches in a few hands. The world—even the world of associated humanity—is old enough to afford evidence of this. There have been a good many nations that in their turn have become rich in this way; but there is no case recorded in history in which their prosperity continued long. The experience of human society has been uniform in this respect at least: the accumulation of great riches in a few hands was invariably the fore-runner of national decay and disaster. Their possession became an occasion of envy from without, or of bitter dissatisfaction within their borders, till it became only a question of time, and of no long time, how soon they lost the position of pre-eminence they had attained and misused.

In such things as these at least it is true that there is no new thing under the sun. Already the first notes of warning can be clearly heard in the social atmosphere of each of the great countries most imbued with the spirit of modern commercialism. In Germany, in England, and in America the sound may be heard with a clearness that increases year by year, in the political life of the people. Unrest, trade discontent, extreme socialism, and even anarchist doctrines are spreading

among the masses of the people in each country, till, compared with that which was the case ten years ago, they are looked on as natural and even common-place. It may be easy for some people to shut their eyes to such things as these, and in their childish optimism to assure themselves and others that all will go well if things are let alone, or at the most dealt with when they come to a head that can no longer be disregarded. Such people, and such opinions are by no means a novelty in the political history of nations. The optimism that fears nothing because it knows little, is a very old form of the virtue; one that has been practised in many countries, and has led to many disasters. National unrest, national discontent with the conditions that exist, followed by gropings, however vague and theoretical, after change, have a meaning for thoughtful men, and a meaning that can never safely be disregarded. The desire for change means dissatisfaction: the result of dissatisfaction, when it affects a majority of any people, means agitation and revolution, and the loss, more or less complete, of national well-being.

Great radical reforms in the life of nations are always serious things, if only because the interests they affect are great: and it cannot honestly be denied that a change from a national policy of commercialism to one of State Socialism of the New Zealand type would be a radical one. To appreciate this it is only necessary to remember that the objects, purposes, and even the methods of the two policies are so essentially different that they may almost be said to be opposed to one another. In England for centuries, and in

America for half a century, the laws of the country have been practically made by one class of the people, and, as might have been expected, they have been made to suit the needs and purposes of that class. In England the class was the commercial class, more or less controlled by the older class of the nobility and land owners of the country: in America the class has been that of the capitalists, the manufacturers, the speculators, and others engaged in heaping up riches for themselves, uncontrolled by anything but the consideration of their own selfish interests. In both countries the legislation has, for the most part, followed the instincts of the class for whose benefit it was primarily intended. Laws were enacted in both countries, indeed, that had good results for all classes of the nation, but in both countries, and in almost every instance, the object kept in view was a commercial one.

The purpose was, in at least nine cases out of ten, a purely commercial one, adapted to the ideas of a community in which the rich, and those who were endowed with the special talents that lead to riches, were of importance, and those who were neither rich already nor likely to become rich soon, were only thought of as the tools, by means of which the riches of the other class could be increased. It cannot be denied that the purpose has been served, and the object attained. Both in America and England the rich have been growing richer at a rate never before equalled, during the last thirty years; and in both countries — though it need hardly be said they will be slow to acknowledge it — they have been doing so very largely at the ex-

pense of their poorer neighbours. A new policy that means the very reverse of this may naturally be looked on as rash, and revolutionary. A policy which instead of the rich, takes the class of the poor, or at least that of the comparatively poor, as the main object of its legislation: one that starts with the principle that the single purpose of national life ought to be the well-being of every part of the community—a policy to which the over riches of the multi-millionaire is a thing as objectionable as the extreme poverty of the east-side worker of New York, or the inhabitant of the London slums. Such a suggested change as this, it need hardly be said, would be radical enough to cause hesitation, and create alarm: yet this would, in effect, be the meaning of a change from the policy of extreme commercialism, prevailing in America and England to-day, to that of State Socialism—practised, more or less completely, in New Zealand during the last twenty years. The question for consideration is whether the change is worth making.

In trying to answer such a question as this it must be confessed the point of view is everything. From that of the millionaire, who hopes to grow still richer, or of the multi-millionaire who feels that the joy of life consists in the power which his riches give him over his fellow men, the answer would of necessity be in the negative. From that of the young man—conscious, it may be, of unusual abilities of the kind that naturally enable men to grow rich at the expense of their fellows,—the answer could hardly be expected to be different. To the great mass of the people, how-

ever,—those who have at present barely enough for comfort and well-being, or those who have so little that they hardly understand what well-being means—who number at least a score to every one of the other classes, it may even now, as it certainly will at some time hereafter, be in the affirmative.

Perhaps the most remarkable feature of New Zealand's object lesson, at least from an economic point of view, is the evidence it affords on one point, and that the most unexpected of all,—the policy is the most profitable of all national policies yet adopted. This, indeed, is not its highest recommendation; it is one, however, so unexpected, and so contradictory of all past experience, that it cannot be lost sight of without injustice in dealing with the question.

On this point the evidence is conclusive. New Zealand adopted a policy that was in absolute contradiction of the received and accepted principles of national political economy—a policy that might be defended on grounds of benevolence, or even of an overstrained, and somewhat sentimental desire to give opportunity to the class that had hitherto had the least opportunity of advancement twenty years ago. The result that was not anticipated, either by the supporters or opponents of the policy in New Zealand or elsewhere was the one that is the most apparent of all—the policy has paid, to an extent that can be claimed for no other national policy ever adopted by any country. The last twenty years has been a period of great events in the commercial world. Business has increased as it never did before in many of the countries of the

civilised world: nowhere has it increased in anything like the proportion that it has increased in New Zealand. Wealth has poured into several countries as it never did before, so that America, England, and Germany, as the great commercial countries of the time congratulate themselves on an unprecedented increase in the amount of their wealth: none of them have increased in riches—in the amount of goods exported, or the amount of riches gained,—in proportion to the numbers of their people, one-half as rapidly as New Zealand and its people during the period. These are the facts: it can hardly be questioned that they demand consideration from the nations whose policy has been that of the market place, and whose success has been so greatly exceeded by a country that has abandoned the policy of the market for that of human brotherhood.

CHAPTER III

HOW THE LESSON MAY BE USED

THE object lesson from New Zealand is, as has already been admitted, nothing short of revolutionary. If it is to be accepted as a lesson, called for by the conditions of the world's great centres of civilisation to-day, and justified by the success that has attended it in the only country in which it has been put to the test of actual experiment; the question that arises, and demands an answer, is in what way it can best be used. In the preceding chapters of this book an attempt has been made to trace the course of the New Zealand experiments, and no attempt has been made to conceal their meaning. That meaning is frankly revolutionary. It starts with a new conception of the real meaning of the human association which we call a nation. It proceeds on the principle that the purpose — the only worthy, and in the long run the only satisfactory purpose — of such a society, is to provide for the well-being of all its members. Warned by the lamentable failure of the past to secure any such result, it defies long accepted ideas and methods, both social and economic, and proceeds to inaugurate a new system of political economy, which substitutes fair-play and kindness for the rule of the strongest, and justice to all classes, for the advantage of one.

In the former chapters we have pointed out that the new policy has not only made a people happy and contented, as no one of all the peoples of the great industrial countries of Europe or America are, or have any good reason to be, at present. We have also shown, on the authority of evidence that cannot be contradicted, and can hardly be misunderstood, that this happiness and contentment has nothing in common with the idle self-indulgence that we connect with our pictures of life in a palm-fringed tropical island, where life is uneventful, and food can be got without effort; but that energy, enterprise, and providence for the future, are marked characteristics of the people. Finally we have seen, on the same evidence, that twenty years of this policy has led to a financial success and development, such as cannot be equalled by that of the richest and most energetically commercial nations of the time.

This, it will hardly be denied, is a social revolution that has much to recommend it for every thoughtful citizen of any of those great countries, that are foremost in all but the well-being and happiness of the majority of their people. But it is not sufficient that better social arrangements may have been proved to be possible in some distant country: the most really interesting point is, whether, and by what means, they can be introduced at home — especially if that home means one of the world's great nations of to-day, where the evils, of which everybody is conscious, though some are able to shut their eyes to its enormity, form so large a part of the national life.

It would be both rash and foolish to undertake any general statement as to the particular steps that could be taken successfully to introduce better social and economic conditions in any country. Many things exist in different countries to-day — the people, their traditions, and their present conditions — which would require consideration, and might all lead to different conclusions. What we have endeavoured to show in this book has been, in the first place, that it is possible to inaugurate a social reform of a kind that is likely to do away with many existing evils; and that such a reform can be made, without in any way destroying the commercial prosperity of the country, or its people. This has been actually done on a scale sufficiently large to demonstrate the fact; and, if we are right in believing that it is essential for the further development of civilised humanity that some such reform should be made general, it is a great step to have ascertained that the reform is possible.

As a second step towards the realisation of new conditions of betterment for the people of every nation, one thing at least is necessary. It consists in the realisation by the people generally, and by those who represent them in their legislative assemblies, that in many respects past ideals of society have been mistaken, and have led to manifold evils; and that it is time they should give way to others founded on different principles, and looking to different results. The very old, and very erroneous idea that the wealth of a nation can be estimated by the riches of a class of its people, must give way to the new ideal of national

wealth, which consists in the well-being, and sufficient provision for all, and not for a few of its people only. The old fetish, so fully believed in, and so generally taught, which looks on accumulated riches, under the almost sacred name of "Capital," as the chief element in the well-being of a nation, and gives its protection, and its influence the leading place in the legislation and administration, must be abandoned, as little better than a relic of the dark ages of semi-barbarism. Instead of making laws for the protection of capital the laws must be directed chiefly to the protection of the majority of the nation, who have hitherto been sacrificed to capital, and the class that possessed capital of the kind commonly accepted as such.

This adoption of what may be called the new ideal of social legislation is not likely to be accepted readily in any country in which the opposite ideals have prevailed for many generations, and in some cases for many centuries, but it is an absolutely necessary condition of success. Half measures, in this, as in everything that is worth undertaking at all, will result in failure instead of success; or at the best its success will have many of the elements of failure to deform it. On the other hand it must be remembered that one of the most essential conditions of successful reform is the avoidance of anything like rash haste. This, as all the history of the past teaches, has been the fatal mistake made in nearly every social and political revolution the world has seen. Experience, and not theory, however excellent, has been the teacher of humanity from the first; and while the experience of bad

and unjust conditions has led to many attempts at reform, there has, as a rule, been absent the experience necessary to show how the reforms were to be brought about, and in what way the society could best be prepared for them. This, no doubt, is the reason why revolutions have so rarely resulted in real or permanent reforms. It was not that the evils complained of were not sufficiently real, and more than sufficiently oppressive. It was not, as a rule, that the leaders of the movement were not—at least in many cases—really anxious to bring about what seemed to them a better state of things, that was the cause of the failure: it was almost invariably their own and their followers' want of experience of what was wanted to produce the better conditions sought, and how it could be obtained and used.

We have attempted to explain, in the case of New Zealand, both why the particular reforms adopted there were specially called for, and the process by which, in each case, the reform has been made. This has been done at what may have seemed to some readers an unnecessary length, because it appeared desirable in this way to suggest the value of deliberation and caution in dealing with such questions. The twenty years' experience of New Zealand claims to be of value to the rest of the world, not merely as showing what may be done for the improvement of social conditions, but as suggesting in many ways the way in which it can be safely done. In New Zealand very much has been accomplished to make a whole people contented, happy, and singularly prosperous: the ex-

perience of that country goes no farther than this — to show how these good results can be secured by following a single leading principle in legislation with steady persistency for twenty years. It has nothing to say in favour of hastily adopted measures of reform, and certainly nothing to say in favour of extreme measures, adopted on grounds of theory. That it has been successful may be claimed, as a matter beyond reasonable doubt. This success, however, does not mean that the statutes of New Zealand, if enacted in other countries, would prove to be a panacea for the social evils that exist there.

It need not be supposed that any particular credit is claimed either for the Parliament or people of New Zealand in the matter. It is hardly too much to say that they hardly appreciated the full importance, or even the full meaning, of what they were doing from year to year. The one point on which they were clear was the general principle on which their legislation proceeded. In their case it can hardly be said that theory had anything to do with the matter. The well-being of the people, as a whole, was the object aimed at — not the prosperity of business, not the increase of exports, not the development of manufactures, — and it was found, almost to their surprise, that what was done to advance the well-being of the majority of the people — and especially of that part of the people that needed advancement most — included all the others. Business became brisk, and has continued brisk; manufactures of many new kinds have been increased, and are flourishing; the exports of the country have in-

creased beyond the experience of other nations — and all, it would appear, as the consequence of a policy that was aiming at something else. Perhaps the most striking feature of the object lesson of New Zealand's experience, after all, is therefore the testimony it bears in favour of the two leading features of legislation: for a really public-spirited object entering into every law passed by its legislature, and deliberation in the process of reform.

These two lessons are of a kind that may be taken advantage of by every country that is conscious of social, political, or economic abuses. If a free people, endowed with the powers of self-government, and the responsibility of selecting the representatives who are to make their laws, has once awakened to the truth that there is something materially wrong with the conditions of a large proportion of their people, they can use the object lesson with but little difficulty. They will take steps to elect Representatives to their Legislature, not because they represent this party or that — not because they are good Republicans, or staunch Democrats; not because they are Liberals or Conservatives, or even Radicals, if they are in England — but because they are fully committed to a policy of national reform; and because they are men who can be trusted to remain true to their opinions. There are many such men to be found both in America and England, though, as a general rule, they have not occupied seats in either State or National Parliaments or Legislatures. To such men the needs of their own country and people would be known, and they could be trusted to deal

with them, not as imitators of other countries, but as statesmen who could use the experience of others, and adapt it to the needs of their own people.

The Object-Lesson of New Zealand is, therefore, one that may be valuable to many countries, and a help to many communities, if it is rightly used. It is not meant for servile imitation, nor is it even suggested that the laws that have been enacted there, and have proved successful, would prove an equal success in another, and very different community. Some of the New Zealand statutes might indeed prove eminently useful in older and vastly more populous countries; but in all probability it would be rather the spirit than the letter that would be of service. The policy of New Zealand might well be adopted in America or England, as far as that policy substitutes the good of the people for the supposed advancement of commerce and the eagerly desired heaping up of riches. It would, as has already been said, mean a reform that would amount to a social and political revolution; it need not be accompanied by any of the features of terror with which it is customary to connect a revolution. In this respect, at any rate, the example of New Zealand may be accepted as one of almost universal application. It need not be said that reforms on any large scale always involve some amount of disturbance of existing conditions, and must always provoke the opposition of those who are — or believe themselves to be — the sufferers by the new order of things which the reforms introduce. This has been the experience of New Zealand, and it would be so, in all probability to a greater ex-

tent, in countries like America or England; but if the reforms were introduced gradually, as they have been in New Zealand, there would be little danger of violent opposition, and little reason to fear any serious interruption in the prosperity of the country or of its people.

America, it may be said, has some special advantages for the adoption of a national reform of this kind. The evils — political, social, and economic — that already exist in so new a country are sufficiently prominent, and sufficiently unnecessary, to arouse attention, and demand from all intelligent citizens some special effort for their cure. The difficulty, in the case of a community at once so large and containing so mixed a population, of dealing with the problem of a general betterment of conditions, is so great that under other political conditions than those of America it might appear almost too great to be grappled with successfully. In America, however, the political constitution of the country lends itself with unusual aptitude to the task. That which might be looked on as all but hopeless, if the reforms required had to be made on a national scale in the first instance, is comparatively easy and simple, if the experiment is confined to a single State of no very great or mixed population. A single American State, containing one or two million inhabitants, could do as New Zealand has done in many respects; and might hope to profit, as New Zealand and its people have profited, by the experience.

In case of the willingness of the people of such a State to profit by the experience of another country

in matters of deep and increasing interest to themselves, there would be no serious obstacle in the way of their doing so. Some part of New Zealand's experience, it is true, could only be used on a national scale, such, for instance, as the nationalisation of the railroads and telegraph systems, but these, it is no great stretch of the imagination to believe, will in any case be taken over ere long as Public Utilities that cannot be left in private hands without manifest injury to the interests of the nation. It is in the region of what we have termed the Minor Utilities that a country divided into many self-governing States has the advantage for purposes of experimental legislation — and it is here that America might hope to gain much by the study of the experiments of New Zealand. The conditions of the country are by no means the same, it is true: the people are in some respects different; but the need for reform is even more apparent in America than it ever was in New Zealand, and the means of bringing it about are at their own disposal. America, like England, is, or very soon will be, at the parting of the ways. One of these leads upward to better things for its people by reform; the other downward, by the descent to revolutionary violence. It is for her people to choose between them.

CHAPTER IV.

A POSSIBLE SOLUTION OF THE PROBLEM

THE question with which we closed our last chapter is one of world-wide importance. Human experience, and especially that part of it which relates to human beings associated in communities, has been described as a long, slowly moving, picture of gradual evolution. From a condition of barbarism that was barely human, upwards to one we can recognise as faintly resembling something we can understand and even sympathise with; and so on, step by step, towards something better still—with many failures for each success, yet on the whole with progress. And after all those centuries of progress associated humanity remains to-day more of a failure than a success. Still, as at first, it is the few that profit, the many that suffer. In one country, and practically only one, a definite and persistent effort has been made, during the last twenty years, to take another step upwards—a step that shall place justice before self-interest, righteousness before covetousness, fair-dealing between man and man before the selfishness that seeks to grasp everything possible for the strongest. That effort has, if the facts stated in the former chapters of this book are to be credited, been an amazing success in New Zea-

land. Its people have advanced in well-being as individuals far beyond the experience of other nations; they have also increased in wealth at a rate unequalled by any other nation. If these things are true there must be a reason that will account for the anomaly.

The nations most advanced in civilisation to-day call themselves Christian, and profess to believe that nearly nineteen hundred years ago the Founder of the faith they follow taught men, as they have never been taught before or since, the laws of a kingdom, which he said had even then come among men to ensure their happiness and well-being. Through all the centuries that have passed since then the nations of Europe have had before them the record of that teaching, and that code of laws; and through all the centuries they have, as communities, if not always as individuals, ignored them. The code of laws was a complete and a far-reaching one. It embraced laws for the individual, and others for communities such as we call nations, and it treated all, whether singly or in association, as citizens of a kingdom which was spoken of as "The Kingdom of Heaven," or "The Kingdom of God."

The new kingdom was, if the words of the great Teacher are read honestly and naturally, to be a real one that claimed the obedience of men — both as individuals and associations — to the laws of the kingdom. The one grand principle that formed the foundation of the code was the principle of unselfishness. It dealt with men in their relations to the King, indeed, but most of all it dealt with them in their relations to one another. In the picture of that kingdom presented

by the world's great Teacher Society consisted, not of a casually associated crowd of human beings, but of one great Brotherhood of men, bound together by family affection, and linked to one another by the opportunities which their association afforded for mutual consideration and helpfulness. The citizens of this kingdom were to be, and to look on themselves as being, brothers. Their social arrangements were to be those of a family — a family, in which some members would have greater powers, more talent, more perseverance, and self-control than others, but one in which mutual help should be the first principle of conduct.

In announcing the establishment of this new kingdom, so strange to the ideas and experiences of associated mankind, the Teacher congratulated the poor and oppressed, not because they were poor and down-trodden, but because the fact would make them ready to become the first willing citizens of the kingdom. He spoke sympathisingly of the rich, because the very fact of their riches made it so much harder for them to accept the idea of the kingdom, and to obey its laws of unselfishness. Association, and the duties of men in association, were the principal subject of the new teaching, and the establishment of such a kingdom as this was the "Good News" which the great Teacher had to tell. It is not wonderful that the news was but coldly received by the greater part of his hearers. Such a kingdom did not appear to be desirable for those who already had a good deal more than their neighbours; it was even less attractive to the class that had a great deal more. The news was first told to a peo-

ple that was, more than almost any other people, commercial in its ideas and tendencies; and for such a people it had few attractions. Since then, through ages of persecution, or of reluctant acceptance and toleration, the idea has remained, a thing submitted to, but never acted upon.

Through the later centuries of Roman power; through what we know as the middle ages; through century after century of the development of modern civilisation, and the gradual rise of the age of modern Commercialism, men, and associations of men, have continued to accept, without believing in, the idea of "The Kingdom of Heaven," announced by the great Teacher of nineteen centuries ago. They have discovered that he did not mean what his words seemed to mean. They have concluded that this kingdom must have been something that was altogether individual and spiritual, not a thing that was to alter the laws of nations, and change the face of society. The fact that in all the world's Communities some people were rich and powerful, either because of some special qualities of their own, or because of some that had belonged to their ancestors, seemed to them a sufficient reason for believing that this must always be the case, and was intended by Providence — if indeed there was such a thing as a Providence — to be so. In this way at least, it was possible to go on comfortably, leaving things as they found them, if they chanced to belong to the class that had more or less of this world's good things — enduring them, in case the alternative should prove to be even worse, if they did not.

In this way the tyranny and luxury of Roman rule drifted onwards to the violence and rude luxury of the Middle Ages, and these again to the conditions of modern commercialism. The outward appearance of most things changed, but the things themselves remained. Individuals here and there had higher ideals, and even tried to do good to some extent while they lived with the riches they possessed, or still more frequently arranged that benevolent purposes should be served by those riches after they died and had no more personal use for them. In the meantime no attempt was made to realise a Kingdom of Heaven, such as had been announced by the Teacher they professed to consider infallible. The same principle of practically unrestrained selfishness that had been the foundation of the earliest societies of men continued to be the recognised basis of society still. The grasping selfishness of the days of Carthage and Rome continued to be the root of the social conditions of modern nations, calling themselves Christian; some of its most revolting evidences had given way to others that were less plainly offensive, indeed, but the spirit of the market place — the spirit which accepts selfishness as the necessary rule of every-day life and business success — has remained practically the same. To this is owing the great fortunes of to-day; to this, and to nothing but this, is owing the national legislation which accepts the existence of a class of the community that lives on the work of the other classes, and gives — or at any rate is expected to give — nothing in return. To this is owing the ill-feeling that exists, and very naturally ex-

ists, between the classes of the capitalists that have too much of the world's wealth, and the workers who have too little.

And, as if to emphasise beyond the possibility of mistake the spirit of the age, the commercial nations of Europe and America have reduced all this to a science. They have taken these conditions of injustice and unfair dealing, and have built on them a system which claims to be the only system of national well-being and prosperity. The Political economy of the schools and the text books is only the spirit of the age reduced to logical terms. Like society at large it accepts the evil and selfish conditions that prevail, and have prevailed through all the ages of savagery and semi-barbarism, as necessary, and on the whole desirable things. They have attempted to establish in the minds of the young a kingdom, which is certainly not in any sense a kingdom of heaven, but in its operation and results is exactly the reverse. And in support of their teachings and dogmatic theories they assert, as something beyond the possibility of reasonable question, that national prosperity can be reached in no other way. It is needless to say they take no notice of the proclamation made nearly nineteen centuries ago, which announced the coming of a new kingdom, which had nothing in common with theirs, but promised a new, and more universal happiness to its people, and a greater and more real prosperity to the communities that accepted it.

The science of concentrated selfishness, and splendidly organised covetousness, we are told, is the way, and

the only way to national wealth. The Community that accepts it most heartily, and practises it most thoroughly, must of necessity take the lead among the world's commercial nations. Its people — that is to say, of course, a very few of its people — will be the world's millionaires. They will be the railway kings, the mine-owners, oil magnates, cotton princes, and captains of industry. As for the rest, they may get high wages — which they will, of course, return to those who pay them, in the shape of extra profits — and they will have the satisfaction of belonging to a people admittedly in the front rank of the world's commercial nations. It is true the experience of the past shows conclusively that, under such conditions as these, no nation has long continued to prosper, and none has continued to lead. It is true that to-day there are not only one but many writings on the wall that proclaim the failure of the policy of selfishness, and the doom of nations given up to the practice of unbridled commercialism. Such warnings as these did not affect the policy or the conduct of Rome before its fall, or of France before its great revolution — Why, it may be asked, should we expect them to convince the successful representatives of commercialism to-day?

It is probably fortunate that the class of actual or prospective millionaires is a small one compared with the other classes in every nation that have not the temptation of riches to prevent them from either appreciating or seeking an entrance into any community possessed of the characteristics of a kingdom of heaven. The civilised world of this twentieth century is under-

going a great awakening, which is probably hardly appreciated as yet by the select class which most fully represents and profits by commercialism to-day. This awakening means revolution in some form. It may mean an overturn of society, more wide-spread, and far more terrible in many ways, than any yet recorded in history: it may, on the other hand, mean the development of new and higher ideals of what society may be made to mean, if men will for once put aside selfishness, and do their best to substitute a spirit of justice and brotherly feeling—the essential principle of the religion they have for so many centuries professed, and as nations or communities have never even attempted to practise.

The social conditions pictured by the great Teacher of the Good News for mankind was not, it should be needless to say, intended for a small class of humanity—indeed it is hardly an exaggeration to say that it all but excluded the class of the rich. It was a picture of a real, but not of an ideal Utopia:—of a society in which all the members would be treated with justice, and all would be assisted, as members of a real brotherhood. It gave no hint of an absolute equality of conditions, any more than it asserted an equality of personal talents and powers: what it emphatically did was to assert the responsibility of each member of the society for the spirit in which he regarded the special endowments and talents he possessed, as a trust which he held in the first place and chiefly for others, and not for himself. Such a picture, while it condemned riches, as essentially a danger to those who

possess them, gives no hint of a human society in which an attempt is made to create an artificial equality, so alien to the actual conditions of its individual members that it must be foredoomed to an early, and probably a very disastrous failure. But while the original proclamation of the Good News of a kingdom of God on earth gave little support to the theories of the extreme socialists of the present age, it gave still less to the ideals of commercialism. It foretold a reign of righteousness; not one in which the greatest rewards and the highest place should be the prize of the cleverest and most unscrupulous over-reacher of his fellow men, but of the citizen who thought the least, and cared the least for his own advantage, and the most for that of others. It proclaimed a kingdom in which it should not be the citizen who, in the true spirit of the market place, hopes to climb to riches and power at the expense of his fellows — whose interest is absorbed in the schemes of high finance, or in the fluctuations of the share-market, by which he may plunder his poorer and less cunning neighbours — who should be successful, but the one who was the most unselfish, and did the most to help his brother men.

To the men and the communities that set this ideal before them the world's great Teacher made a promise — a promise so strangely unlike all that men had learned to think natural and probable that it can hardly be wondered at that those who heard it first, and the nations of men who have heard and read it ever since, have been slow to believe it. The promise, indeed, seemed impossible of fulfilment, if possibilities were to be reck-

oned by human experience. It was a promise of success, as the result of renunciation. It was the declaration that there exists a truer political economy than that of the market place, and a higher law than any that can be understood or explained by a science that is merely human. It announced, as one of the elementary laws of the kingdom of heaven on earth, that wealth would be given to the Community that looked for something better than wealth for the individual; and that prosperity in the ordinary business and affairs of life would attend the nation that gave its first thought, and its chief attention to justice for all its citizens, and the treatment of all as members of one family. "All these things shall be added unto you," was the promise to the community as to the individual, that should be ready to abandon Commercialism, with its selfish anxieties and struggles; with its petty ambitions and self-seeking plans for the future; and to adopt in its stead a policy, for the nation as well as the individual, of righteousness, fair-dealing, and helpfulness between man and man. The earliest Christians took the words of their great Teacher literally, but they were powerless to influence the policy of nations; and by the time the professors of the new faith had become numerous enough to frame policies and influence legislation and the ideas of society, they had ceased to believe in the promise of the great Law-giver of The Kingdom of Heaven.

Thus through all the centuries that have passed since the first proclamation of the Good News for men — the news that was to reform society, and make men one family, in feeling and affection as well as in blood, no

national community has thought it worth while to adopt the policy of the Teacher whose name they have assumed, while they have in practice rejected his legislation, and discredited his promise. One Community has at last begun to make the experiment, in spite of much hostile criticism and contemptuous misrepresentation. Some attempt has been made in the preceding pages to show what the result of this experiment has been during the last twenty years on the wealth of that nation and the happiness and well-being of its people. The writer does not pretend to say that the experiment has yet been fully made, or that the policy has even now been fully developed. What he does claim, however, on the evidence of the unquestioned statistics of New Zealand is, that a progressive policy of justice for all classes of its people, help and reasonable assistance to all who needed help, and the steady discouragement through its laws of commercialism, and the spirit of the market place — in other words of grasping selfishness — has been accompanied and followed by an economic success *far greater*, in proportion to the numbers of its people, than that of any other national community in the world.

THE END



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